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10

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**REPORT ON THE
WORK OF THE LEAGUE
1937/38**

Part II.

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NOTE BY THE SECRETARY-GENERAL

The Annual Report on the Work of the League is issued, as usual, in two parts. Part I, dated July 18th, 1938, covers the work of the League from the session of the Assembly held in September 1937 to the end of June 1938.

Part II covers the work of the League from the end of June to the end of August 1938. This second part of the Report has two annexes, printed separately, namely :

“Ratification of Agreements and Conventions concluded under the Auspices of the League of Nations” (document A.6(a).1938, Annex I. V) and

“Note by the Secretary-General on the Economic Situation” (document A.6(a).1938, Annex II).

September 5th, 1938.

CONTENTS

	Page
NOTE BY THE SECRETARY-GENERAL	3
A. Work of the League.	
1. POLITICAL QUESTIONS :	
Dispute between Bolivia and Paraguay	7
2. QUESTION OF ALEXANDRETTA	8
3. REDUCTION AND LIMITATION OF ARMAMENTS :	
Naval Questions	9
4. MANDATES :	
Work of the Permanent Mandates Commission during its Thirty-fourth Session (June 1938)	10
5. ECONOMIC AND FINANCIAL QUESTIONS :	
I. Introduction	16
II. Economic and Financial Policy and Action	17
III. Measures to maintain or restore Prosperity	21
IV. Economic Intelligence	22
6. COMMUNICATIONS AND TRANSIT	31
7. HEALTH QUESTIONS :	
I. Biological Standardisation	41
II. Work of the Housing Commission	43
III. Studies on Physical Fitness	44
IV. Schistosomiasis	45
8. TRAFFIC IN OPIUM AND OTHER DANGEROUS DRUGS :	
A. Work of the Advisory Committee on Traffic in Opium and Other Dangerous Drugs	46
B. Work of the Permanent Central Opium Board	60
9. INTERNATIONAL ASSISTANCE TO REFUGEES	62

	Page
10. INTELLECTUAL CO-OPERATION :	
I. Advisory Committee on the Teaching of the Principles and Facts of Intellectual Co-operation	63
II. Session of the International Committee on Intellectual Co-operation	64
11. BUDGETARY AND ADMINISTRATIVE QUESTIONS :	
I. Financial Position	68
II. Questions concerning the Staff Pensions Fund .	68
12. LEGAL AND CONSTITUTIONAL QUESTIONS :	
Membership of the League of Nations	70
B. Permanent Court of International Justice.	
INTRODUCTION	71
1. COMPOSITION OF THE COURT	71
2. THE REGISTRY	72
3. THE STATUTE AND THE RULES OF COURT	73
4. JURISDICTION	73
5. ACTIVITIES OF THE COURT	75



A. WORK OF THE LEAGUE

1

POLITICAL QUESTIONS

DISPUTE BETWEEN BOLIVIA AND PARAGUAY ¹

In a telegram dated July 21st, 1938, the Argentine Minister for Foreign Affairs, President of the Peace Conference of Buenos Aires, informed the Secretary-General that the Ministers for Foreign Affairs of Bolivia and Paraguay, who had come to Buenos Aires at the invitation of the Peace Conference, had that day signed a Treaty of peace and friendship, and on frontier questions, which brought the Chaco disputes to an end.

The Secretary-General communicated this telegram to the Members of the League and warmly congratulated the Peace Conference, and especially its President, on the success of their untiring efforts.

¹ See *Report on the Work of the League, 1936/37, Part I, page 10.*

QUESTION OF ALEXANDRETTA ¹

The Commission appointed to organise and supervise the first elections in the Sanjak of Alexandretta arrived in the Sanjak accompanied by its staff on April 21st, 1938. The registration of the electors began on May 3rd.

After informing the Council that circumstances prevented it from pursuing its work, the Commission stopped the registration of electors on June 26th and left the Sanjak on June 29th.

On July 30th, it submitted its report to the Council.

¹ See Part I of this Report, pages 39-41.

3.

REDUCTION AND LIMITATION OF ARMAMENTS

NAVAL QUESTIONS

In regard to the London Naval Treaty, 1936, the United Kingdom Government by a letter dated July 6th, 1938, transmitted to the Secretary-General, for information, a copy of the Protocol signed on June 30th, 1938, by the Governments of the United Kingdom, the United States of America and France, fixing the new displacement limitation for capital ships of sub-category (*a*) as a result of the escalation discussions¹ which had taken place under Article 25 of the Treaty.

This new displacement limitation is 45,000 tons (45,720 metric tons) in lieu of 35,000 tons (35,560 metric tons).

The above-mentioned letter added that the Governments of France and the United States of America had been informed officially that the Governments of Canada, Australia, New Zealand and India, though not signing the Protocol, had signified their concurrence in the new limitation.

Similar Protocols fixing the same new displacement limitation for capital ships of sub-category (*a*), in regard to the Anglo-German and Anglo-Soviet Naval Agreements of July 17th, 1937, and the Anglo-Polish Naval Agreement of April 27th, 1938, were transmitted to the Secretary-General by the United Kingdom Government for information on July 28th and August 4th, 1938, respectively.

Copies of these letters and Protocols were communicated by the Secretary-General to the Members of the Conference for the Reduction and Limitation of Armaments.

¹ See Part I of this report, page 45.

4

MANDATES

WORK OF THE PERMANENT MANDATES COMMISSION
DURING ITS THIRTY-FOURTH SESSION (JUNE 1938) ¹

**A. Postponement of the Examination of the Report on Syria
and Lebanon (1937).**

The Commission should, in the ordinary course, have examined the annual report on Syria and Lebanon at this session. It heard the accredited representative's explanation of the reasons which had led the mandatory Power to propose that this examination should be postponed until the next session, but it nevertheless expressed the opinion that the examination of the administration of Syria and Lebanon during 1937 could have taken place without disadvantage at its present session, and that it would have been better not to depart from the established rule. It was therefore in deference to the express desire of the mandatory Power that the Commission agreed to an adjournment, which was also necessitated by the fact that the report did not reach it until after the session had opened,

The Commission took this opportunity of again giving expression to the consideration which it had constantly kept in mind — namely, that in the mandated States of which it was proposed to recognise the complete independence, effective protection should be afforded to racial, linguistic and religious minorities. In this connection, it referred to its report of 1931

¹ See document C.216.M.119.1938.VI.

on the general conditions which must be fulfilled before the mandate regime could be brought to an end, to its observations to the Council, and to the Minutes of the sessions during which the problem of the future of such minorities was examined.

The Commission also observed that the agreements between the mandatory Power and the Levant States under mandate could not prejudge the question of the guarantees which the League of Nations might contemplate when it had to pronounce on the emancipation of Syria and Lebanon and their admission to the League. It noted with satisfaction a further statement to this effect by the accredited representative. -

B. Observations on the Administration of the Territories under Mandate.

The Commission made a number of observations on the administration of the territories with which it dealt at its thirty-fourth session¹ (Palestine and Trans-Jordan, 1937 ; Tanganyika Territory, 1937 ; Togoland under French mandate, 1937 ; South West Africa, 1937 ; New Guinea, 1936/37 ; Nauru, 1937).

Territories under A Mandate.

Palestine (1937).

The Commission noted that the political situation had not emerged from the deadlock which, in the words of the representative of the mandatory Power, characterised it a year ago. It observed that throughout 1937 public order was continually disturbed and that its restoration had been the main concern of the mandatory authorities, who had applied themselves to this task with a determination for which every credit was due, even though the measure of success attained was not commensurate with the efforts expended or the sacrifices made.

The Commission also noted that the measures for the restoration of order were a heavy financial burden on the country, and that the effort which these measures necessitated inevitably interfered with ordinary administrative activities. The Commission added that the application of the mandate was now

¹ The annual reports of the mandatory Powers on the administration of these territories were communicated to the Members of the League with the Commission's report.

partially suspended, as events had prevented some of its essential objects from being pursued. The Commission noted that "the mandatory Power has felt obliged to prolong the period during which Jewish immigration has been limited to a greater extent than would have been justified by the application of the principle of the economic absorptive capacity of the territory which was approved by the Council", and that "similarly, the situation has been regarded as less favourable than ever for securing the development of the self-governing institutions referred to in Article 2 of the mandate". It observed, however, that the mandatory Power had already introduced certain reforms urged by the Royal Commission as immediately necessary, and noted that the mandatory Power intended to pursue the same policy as far as circumstances permitted.

As regards the status of Palestine, a question the examination of which has been reserved until further notice in accordance with the Council's decision of September 16th, 1937, the Commission was informed that partition was still the solution which the mandatory Power considered to be the best and the most hopeful, and the mandatory Power had instructed the technical commission, of the appointment of which it had notified the Council,¹ to pursue the study of this matter.

The Commission declared that it viewed the situation with the utmost concern, and expressed the hope that the period that would elapse before a final decision was reached as to the future status of the territory would be made as short as possible. It added that all the interests involved could not but suffer still further from the continuance of the present state of uncertainty.

In his *comments*, the accredited representative said that His Majesty's Government in the United Kingdom could not agree with the view that the present system of control of immigration represented a partial suspension of the mandate, and that it would take the opportunity of defining its attitude on this question when the Commission's observations were examined by the Council.

¹ Document C.66.1938.VI (White Paper published on January 5th, 1938, under the title "Policy in Palestine"; Cmd. 5634).

Territories under B Mandate.

Tanganyika Territory (1937).

The Commission regarded it as being to the credit of the operation of the system of indirect rule practised in the territory that the native authorities had taken action of their own motion for the restoration of order on the occasion of the disturbances which occurred in the district of Moshi, without its being necessary for the administration to resort to force. In the *comment* which he submitted on this observation of the Commission's, the accredited representative of the mandatory Power pointed out that a measure of force had had to be used (by the police) in order to disperse the rioters in one of the chiefdoms.

The Commission also noted that the mandatory Power was of the opinion that States which were not members of the League could not claim economic equality for their goods imported into Tanganyika either under the terms of the mandate or under Article 22 of the Covenant, though in some cases a claim might be justified under other instruments which were applicable to the mandated territory — namely, the Treaty of St. Germain of 1919 and the Agreement of 1925 granting the nationals of the United States of America the same economic rights in Tanganyika as those possessed by nationals of League Members, as well as the various bilateral trade agreements granting most-favoured-nation treatment in the mandated territory.

The Commission further noted that the financial situation of the territory had continued to be favourable during the year 1937 ; it asked for supplementary information as to the methods of refunding the loans, and expressed the hope that the objections raised to the imposition of an income tax would not prove insuperable.

The Commission expressed its satisfaction that the administration was promoting a policy for the improved organisation of the recruiting of workers. It also noted that the measures taken for the improvement of conditions of labour on the Lupa goldfields had had a good effect.

Togoland under French Mandate (1937).

The Commission noted with satisfaction that, owing to the material improvement in the financial situation of the territory, it had been possible to modify certain administrative measures taken for reasons of economy in the last few years, and thus to make the territory once more autonomous in regard to the majority of its administrative services. As regards land tenure, the Commission was still concerned at the risks inherent in the present system from the point of view of the safeguarding of native property which was formally stipulated in Article 5, paragraph 2, of the mandate, and it noted the accredited representative's statement that he would consult with his Government as to whether any addition should be made to the legislation in force in the territory. The Commission also asked for definite information on the question of "vacant lands" and, more particularly, on those aspects which concerned native rights in respect of the occupation of such lands and the conditions under which they could be assigned.

Territories under C Mandate.

Nauru (1937).

The Commission was concerned at the high death rate of the native population, and particularly at the high rate of infantile mortality, and stated that it would follow with the greatest interest the results of the investigations made on the island with regard to questions of health in general as well as nutrition and the fresh-water supply.

New Guinea (1936/37).

The Commission expressed the desire to know the conclusions of the mandatory Power on the question whether, in its opinion, the welfare of the natives would be better secured by opening up the uncontrolled areas to European activities as soon as they were brought under control, or by arranging for a transitional period which would enable the administration to strengthen its authority and develop its activities.

Further, the Commission made observations and requests for supplementary information on road development, education,

the recruiting of native labour, the activities of the missions and land tenure.

South West Africa (1937).

The Commission noted, as regards the relations between the various sections of the European population of the territory, a statement by the mandatory Power to the effect that it had every confidence that the mellowing influence of time and the necessity to co-operate in the promotion of common interests would gradually exercise their beneficial effects. At the same time, the Commission was informed by the accredited representative that, in spite of the inherent difficulties of the political situation in the territory, the Administration reported that the atmosphere had improved and that the work of government had been easier in recent months. He recognised, however, that recent tendencies showed that there was still a marked divergence of feeling amongst the European community, but that this was due to external causes rather than to local factors.

Furthermore, although it was aware that the Administration had stated that its present policy merely aimed at avoiding the undue acceleration of the development of the native reserves, the Commission expressed the view that this consideration could not justly apply to the granting of a certain degree of material assistance to the natives; it therefore continued to hope that the Administration would not withhold the assistance which was required in this respect, and to which the Commission had called attention at its thirty-first session. The Commission also made certain observations on public health, missions, education and land tenure.

C. Petitions.

The Commission considered numerous petitions regarding Palestine, Syria and Lebanon, Tanganyika and Togoland under British mandate. None of these petitions led to any special recommendation being made to the Council. Nevertheless, in its conclusions on certain petitions concerning Syria and Lebanon, the Commission referred to the observations on the administration of this territory which it had made at the conclusion of its thirty-third and thirty-fourth sessions.

5

ECONOMIC AND FINANCIAL QUESTIONS

I. INTRODUCTION

The account of the League's economic and financial work in Part I of the present report was grouped under the three main headings of policy and action, measures to restore prosperity, and information. These divisions will be maintained in this part.

No further work has been done, or was required, in the study of the structure and functions of the Economic and Financial Organisation beyond that described in the first part of this report. The subject has been placed on the agenda of the Assembly, but, as stated in Part I, the first provisional meeting has been held of the Co-ordination Committee, the creation of which was suggested. The main part of its report ¹ consists of an annotated list of the items on the agenda of the Assembly with references to all the documents bearing on each question, and a synopsis of its history and the main proposals now made. This annotated list is preceded by a short introduction summarising the main economic and financial problems of the moment. It points out that the resolutions of the last Assembly were particularly concerned with two subjects — namely, economic relations among nations and the social well-being of each country. The Second Committee concluded last year that it might be possible to remove some of the obstacles to international trade and particularly exchange controls, but political

¹ Document A.16.1938.II.

tension and the recession in business have limited possibilities of action. For, apart from a general political deterioration, there have been defaults on international loans and alterations in commercial policy which have limited the area over which what used to be considered normal economic international relationships are maintained. Moreover, the crest of world recovery seems to have been passed ; in the first quarter of 1938, production and trade have been declining and unemployment has again increased. On the other hand, certain basic circumstances are more favourable than they were in 1929. Monetary conditions are easier ; the banking position is sounder ; foreign indebtedness has been reduced ; there is a considerable degree of stability between the leading currencies. But the situation remains anxious unless there can be some revival of business in industrial countries and an upward movement in prices ; and it is to this problem that the Committee calls the attention of the Assembly in the first instance. And, in examining the possibility of harmonising the policies of national revival, too often pursued on a purely national basis, with a greater measure of international co-operation, the Committee points out that the countries co-operating through the League accounted for as much as 86% of world trade in 1937, and draws the conclusion that the League affords an opportunity for an exchange of views and experience on a very wide basis.

Apart from these two major items on the Assembly's agenda — namely, a general revival in economic activity and commercial policy — demographic problems and the problem of the standard of living are of special importance. Two principal solutions are suggested — viz., to restore greater freedom of migratory movements, and to improve economic conditions so that the standard of living in congested areas may be raised.

II. ECONOMIC AND FINANCIAL POLICY AND ACTION

Several reports have been issued since Part I was written describing recent economic developments and suggesting measures which may relieve difficulties that have recently arisen. They are the report of the Economic Committee,¹ the report of

¹ Document C.233.M.132.1938.II.B.

the Financial Committee, Part II,¹ the report on exchange control by a Joint Committee of these two bodies;² and (as in recent years) a special Annex to the present report which describes the salient economic developments of the past year.

The Economic Committee points out once more that both democratic and totalitarian countries realise the necessity for maintaining economic relations. The course to be followed in order to improve these relations is well known and has been reiterated year after year by the Committee. This year it merely adds the statement that the execution of a programme of economic normalisation on a reciprocal basis is undoubtedly more urgent to-day than it was at the close of last year. Although there have been some recent indications of economic improvement in the United States, the world presents a much more sombre picture than it did when the Assembly last met. World prices of raw materials have been falling, world business declining, production in many commodities has been falling off, and while there are some reassuring features such as relative stability of exchanges, some improvement in agriculture and renewed demands for capital replacement, political conditions are now far less reassuring than they were nine years ago when the last depression began. The Committee urges once more the conclusion of reciprocal commercial agreements and the undertaking of collective enquiries and discussions to investigate measures for the improvement of material well-being.

The Financial Committee, comparing the present recession with the economic crisis that started in 1929, while it encourages a reasonable degree of optimism, points out that the situation has been rendered more difficult by the political tension and the autarkic policies of certain important nations. A period during which private industry can carry on its affairs with a reasonable expectation of reasonable profits, and with a minimum of disturbance from fluctuations in costs (and particularly in the prices of raw materials and foodstuffs) and from fears of international complications, is essentially required for a speedy recovery; but it is also important that policies should be directed to

¹ Document C.227.M.129.1938.II.A.

² Document C.232.M.131.1938.II.A.

providing easy monetary conditions and maintaining economic welfare. Its conclusion is :

“ So long as the world lives in a state of continual tension and is thereby compelled to spend vast and non-reproductive sums on armaments, an interference with normal activities and a depression of the general economic well-being are inevitable consequences.”

Appended to the Committee's report is an analysis by the Secretariat on certain aspects of the economic situation, illustrated by a number of diagrams. It examines the causes of the present recession with its rise in costs and decline in consumers' demand (with a special investigation of the causes of the decline in that demand) and ends with a description of the recovery measures adopted in the United States, the United Kingdom and France.

Against the background of these general observations must be placed the recommendations made on the subject of exchange control. The report of the Joint Committee of the Economic and Financial Committees gives a full description of their origin and their effects, both on the international balance of payments and internally in necessitating an extremely high degree of State interference with, and control of, all branches of economic life. Measures of relaxation — particularly in Denmark, Bulgaria, Czechoslovakia, Estonia, Hungary, Poland, Roumania, Yugoslavia and Portugal — are described. The report concludes with some general considerations regarding the relaxation of exchange control and the technical measures adopted in order to bring it about.

But unfortunately, as the Economic Committee points out, recent developments in world economic and political conditions are not calculated to further any attempt at a far-reaching solution of the problem.

On some other subjects which fall under this general head of economic and financial policy and action, there is progress to report. It is satisfactory to note that, in the technical field, one industry — tin — has carried out one of the most important recommendations of the Raw Materials Committee : viz., the formation of buffer stocks with a view to moderating price movements. While the Economic Committee has come to the

conclusion that the replies of Governments on the subject of commercial access to raw materials would not justify an attempt to secure international action at the present moment, it recommends that the Assembly should initiate a study of the important question of deforestation.

The Economic Committee has decided to review a number of technical questions relating to international exchanges in order to frame a system of rules relating to certain non-tariff provisions of commercial agreements. This body of rules might be used by Governments when negotiating reciprocal commercial agreements. A beginning is to be made with three groups of questions. The first group would comprise all rules the object of which is to reconcile the necessity for protecting human health with the need for enabling commodities to circulate as freely as possible — *e.g.*, veterinary questions, questions relating to the export and import of meat and meat preparations, phytopathological questions, and action against fraud in connection with foodstuffs. The second group covers all the rules for facilitating commercial propaganda — *e.g.*, Customs regulations regarding samples, catalogues, advertisements, conditions for the admission of commercial travellers, etc. The third group comprises a number of questions on the technique of Customs clearance.

A further revision of the Customs nomenclature may be necessary. The Economic Committee points out that eight countries which are at present revising their tariffs are using the League nomenclature, but industrial progress and the appearance of new products necessitate periodical adjustments. A meeting of experts will be called, if necessary, to make them.

In the further study of demographic problems, a memorandum has been prepared by the Secretariat, preparatory to drawing up a scheme of work.¹ It points out the importance and complexity of these problems, and describes the different criteria of density of population and the difficulty of drawing practical conclusions from them. Such terms as “over-population”, “relative over-population”, “under-population” and “optimum population” are examined, and the evolution of the “man-land” ratio is described. The conclusion is that none

¹ Document C.233.M.132.1938.II.B (Annex).

of the criteria based on the geographical territory of a country can determine whether it is or is not over-populated ; that the respective values of the different solutions for over-population are only to be appreciated by reference to a country's degree of development ; and that, in view of the erroneous and exaggerated opinions current in regard to demographic questions, a special committee for the study of demographic problems should be set up. This suggestion has been adopted by the Economic Committee, which proposes that special attention should be paid to the various criteria for estimating over-population and the measures adopted in different countries to deal with increase in population. On the closely connected problem of migration, the Economic Committee has noted the results of the Conference of Experts which met at the International Labour Office, and endorsed the recommendation that a Permanent International Commission should be set up.

Tax Evasion.

In reply to a questionnaire prepared by the Fiscal Committee, in compliance with a resolution of the Assembly, some twenty-five Governments, including those of the most important countries, have supplied information concerning the methods employed to combat tax evasion.

This material will be submitted to the Fiscal Committee at its next session in the autumn. The Committee may then put forward certain recommendations concerning the international co-operation which could be instituted in this field.

III. MEASURES TO MAINTAIN OR RESTORE PROSPERITY

Under this main heading, the only subject on which considerable progress has been made since the preparation of Part I of the present report is the study of measures intended to raise the standard of living. The Economic Committee asked Mr. N. F. Hall, Director of the National Institute of Economic and Social Research, London, to prepare a draft report, which was examined by a Sub-Committee of the Economic Committee with the assistance of Professor Rappard and officials of the International Labour Office. The report is submitted to the

Assembly.¹ While it is the individual work of Mr. Hall, and while the Economic Committee does not necessarily share all the opinions expressed by him, it recommends his analysis and suggestions as a valuable contribution to the study of this problem. The report outlines the value of approaching economic problems by way of standards of living, and discusses the standard of living and human welfare, and the mechanics of economic adjustment. It proceeds to examine the general character of the economic adjustments which are necessary if technical progress is to result in further advances in human welfare, the relationship between low standards of living and low productivity in several different regions of the world, and the general character of measures likely to encourage improvements in production and consumption. It indicates the part that policies, both national and international, designed to raise standards of living, can play in easing friction between nations, thus paving the way for adjustment of a number of outstanding economic difficulties. It concludes by calling attention to five problems, the further investigation of which will be likely to yield fruitful results. These are : the increase of consumption, including the further examination of the physiological needs of population under different climatic conditions and of present deficiencies in their consumption ; the further examination of the experiences of different countries in using the modern methods of providing public information and in educating consumers ; the provision of cheap means of local communication and transportation ; the creation of greater opportunities for marketing ; and the study of the interrelationship between the use of technical advisory services and the provision of credit facilities by the encouragement of such organisations as co-operatives.

IV. ECONOMIC INTELLIGENCE

The annual issue of the *Statistical Year-Book* of the League of Nations was published on July 9th, 1938.

The new issue contains, as usual, the most important statistics of the world on population, labour, production, trade, transport and finance.

¹ Document A.18.1938.II.B.

Notes help the reader to avoid pitfalls in this mass of information on such varied subjects as international trade, public finances, currencies and their increasing complications, capital issues and recent trends of population.

Important new material is given in all sections and especially on age structure, fertility, net rates of reproduction and expectation of life, much of it never before computed or published. Mortality has fallen sharply in this generation, as shown by the general increase in the expectation of life at all ages, but most for the young. Fertility has also fallen sharply in almost all countries and, in many, reproduction is no longer sufficient to maintain the population. This fact is masked because the reproductive middle-age groups happen to be exceptionally large. But the proportion of old-age groups tends to increase. In England, for instance, children under 10 were over a fifth of the population in 1911, about a seventh in 1936; whereas people over 50 were less than a sixth in 1911 and nearly a quarter in 1936.

There is a new table on alcohol showing its importance for industry as well as for human consumption. Another new table on the production of sulphuric acid contains the most complete information for a series of years so far published on this subject. Another table contains the world index of stocks made for the League's volume on *Production and Prices*. The tables on currency show that every country in the world has devalued or controlled its exchange in recent years, and that there is now only one country which has fixed and is effectively applying a new gold parity.

The following examples, selected at random, illustrate the wide range of information which can be obtained.

The German birthrate, which in 1933 fell to 14.7 par mille, amounted to 19 par mille in 1936 and 18.8 par mille in 1937. The production of foodstuffs and raw materials, according to the League Index, increased by nearly 6% in 1937, and is 16% higher than it was ten years ago. State expenditure and public debt have increased. Gold production has doubled in the last ten years, and shows a record, as do silver, several other metals and petroleum. The volume of air traffic increased four times between 1931 and 1936, and reached a record in 1937.

The *Review of World Trade, 1937*, was published on July 16th, 1938. It contains a general synopsis of trade during 1937 and a comparison of the figures of that year with those of the immediately preceding years and with 1929. In an annex, price and quantum figures published in earlier editions are given, back to 1924. Special attention has been paid to the changes which took place in world tendencies during the course of last year.

The volume opens with a summary of the chief results, which is followed by sections on value and quantum of world trade in the years 1929-1937; trade by main groups of articles; trade by continental groups; trade by countries; analysis of the trade of principal countries in 1937; trade in certain staple products; geographical distribution of trade. There are four annexes giving statistical tables.

The main conclusions to be drawn from the analysis of world trade in 1937 are given as follows :

(a) The value of world trade in terms of gold increased by 23% in 1937, or three times as much as in 1936. The prices of goods entering into trade rose, however, by 8-9%; the quantum of trade accordingly increased by about 13% (as against about 5% in each of the two preceding years) and was only about 3% below the level of 1929.

(b) The quantum of raw materials is estimated to have exceeded the 1929 level by 11-12%, but that of foodstuffs and manufactured articles to have been lower than in 1929 by 7% and 14% respectively.

(c) The barter terms of trade of raw-material countries, after a steady improvement since 1932, reached their most favourable position in the early part of 1937 and deteriorated with the fall in the prices of numerous primary products that occurred in the course of the year.

(d) This change in market conditions was due largely to the reduction in the imports of raw materials by the United States on account of her declining industrial activity, but a contributory factor was the reduction in the purchases of Japan after the outbreak of her conflict with China.

(e) Armaments in Europe and Japan and capital equipment activities in most countries caused an exceptional demand for iron and steel, met in part by exports from the United States.

(f) Trade in manufactured articles expanded particularly on account of the great demand from raw-material countries and from the United Kingdom, whose imports of such articles exceeded, in quantum, the previous record level of 1931.

(g) The industrial countries profiting most from the increase in the demand for manufactured articles in 1937 were the United States, Germany and the minor industrial countries of Europe ; the exports of the United Kingdom, though rising, were checked towards the end of the year by her increased domestic demand, and those of France showed but slight progress.

(h) The United States trade balance, which was passive in 1936, became largely active in 1937 ; on the other hand, the import surplus of the United Kingdom rose by a quarter, and the trade balance of almost all raw-material countries became less active (or more passive).

The 1937/38 volume on *World Production and Prices* was issued on August 24th, 1938. This volume has a wider scope than previous editions and its form has been somewhat modified. It begins with a chapter on general trends of world production from 1920 to 1927 which contains the main statistics for this period and enables some general conclusions to be drawn as to the development of production. The world indices of primary production and stocks are calculated, as in previous editions, on the basis of averages for 1925-1929 = 100. But the former have, as far as possible, been calculated back to 1920, so as to afford a better view of the general trend. New world indices of the manufacture of capital and consumption goods have been calculated, and new sections added concerning production per head of population and yearly rates of progress.

Chapter II shows how the broad changes in production have affected employment and unemployment.

Chapter III illustrates the lack of uniformity in the development of industrial production in different countries during the second half of 1937 and the first half of 1938.

Chapter IV analyses by groups of commodities or industries the information on world production presented in Chapter I and gives in addition statistics of stocks and consumption of important commodities.

Chapter V examines to what extent the changes in the production of primary goods and in industrial activity are reflected in changes in the quantum of international trade, and also deals with changes in the volume of shipping.

Chapter VI deals with the price movements of primary products and the relation between industrial costs and selling prices. Tables are appended showing the movement of wholesale price

indices and indices of the cost of living from 1926 to 1938 for all countries for which such figures are available.

Chapter VII attempts to collate available material on fluctuations in industrial earnings and contains a new section on farm income.

An interesting feature is a summary of the principal facts brought out by this volume. These facts are too numerous to mention in detail, but it may be stated that, as compared with 1929, world primary production in 1937 was 10% higher, the output of crude foodstuffs 6%, and of industrial raw materials 19%, while world visible stocks of primary commodities were 6% lower. The concurrent increase in world manufacture amounted to about 20%. The simultaneous decline in the international exchange of commodities was reflected by a decline of 3% in the quantum of world trade from 1929 to 1937.

Though the necessary basis for forming a judgment concerning future developments is still lacking, it is pointed out that, in spite of a certain decline, world economy as a whole has shown a relatively high degree of resistance to depressive influences.

The 1937/38 edition of the *World Economic Survey* will be published in time for the Assembly. It is the seventh annual publication in this series. The volume is based largely upon the more specialised publications of the Economic Intelligence Service, and upon information supplied by other bodies and, in particular, by the International Labour Office. It presents, both for the economist and for the general reader, an outline of the important change in trend of economic development which has occurred during the last year as a result of the decline in economic activity.

The greater part of the first chapter is devoted to an analysis of the causes of the recession, particularly in America, and to the effects of the recession on economic conditions in other countries. In the same chapter, the peculiar economic difficulties of France are examined; and the economic situation at the end of 1937 in Germany, the United Kingdom, Japan and a number of other countries is briefly described.

The *Survey* does not attempt to answer the questions whether the setback is a relatively minor recession or the beginning of a major depression; whether adequate measures are being, or

could be, taken to check it; and to what extent it will affect other countries. But, by its clear presentment of the main economic events, it may aid in the formation of an opinion.

The effect of the general recession in trade activity is the main theme which runs through the following chapters of the volume. The fall in employment and the reappearance of unemployment in many countries, the decline in production and the accumulation of stocks of primary products, the change in the trend of prices from a rising to a falling movement, the fall in the quantum and the value of world trade after a period of considerable expansion — these are the main subjects of successive chapters. Emphasis is also laid upon the change in the trend of commercial policy which has resulted from the decline in world economic activity, since in a number of cases a period of liberalisation of tariffs, of quotas and exchange controls has given place to increased restrictions. In a similar way attention is drawn to the effect of the recession in causing a sharp restriction in the production and export of those primary products which have been subjected to schemes of international regulation.

But in addition to the central theme which runs through the volume, there are a number of interesting special features in the different chapters. Chapter II contains an analysis of the relations between wages and employment. In Chapter III, figures are given of rates of change of production in different regions of the world and for different groups of commodities; and in the same chapter there is an interesting discussion of the connections between employment and labour productivity in recent years. Part of the following chapter on prices is devoted to a discussion of recent changes in certain price relationships, such as the relations between wholesale prices and the cost of living, between agricultural and non-agricultural prices, and between selling prices and costs of production. The chief causes for the increases in monetary supplies since 1929, such as the increased value of gold reserves, is one of the special topics of the fifth chapter, which also contains a description of recent monetary policy in the United States and in other countries. Chapter VI on international trade includes a diagram expressing the exports of some sixteen countries as a percentage of their national incomes, which gives a picture

of the relative importance of export trade in different countries at different periods of time ; and the following chapter contains sections on international capital movements, on dehoarding and hoarding of gold, and on the recent history of the French franc. The eighth chapter, which is devoted to commercial policy, includes discussions of the van Zeeland report, of the negotiation for an Anglo-American trade agreement, and of the economic effects of the incorporation of Austria into Germany.

The final chapter should be of particular interest to the general reader. After a short summary of the course of the recent depression in economic activity, the years 1929/30 are compared with 1937/38 in order to assess the probability of the present recession developing into a slump comparable with that which followed 1929. In making this comparison, stress is laid upon such fundamental alterations in economic conditions as the abandonment of the gold standard, the changes in tariffs, quotas and exchange controls, the policies of self-sufficiency adopted by a number of countries, and the changed attitude of Governments towards economic intervention and, in particular, towards monetary policy and public expenditure. A special section is devoted to the present scale of national expenditures on armaments and to recent policies of monetary expansion and public expenditure, such as the " spending-lending " programme of the United States. A final section discusses the stock exchange recovery which has developed in the United States since the middle of June 1938, and summarises the reasons for and against the belief that this marks the end of the recession in trade which has deepened since the middle of 1937.

The Committee of Statistical Experts reported to the Council after its annual meeting in July.¹

It reconsidered the international minimum programme for statistics of gainfully-occupied population in the light of numerous observations from Governments. The revised programme does not differ substantially from the provisional one.

¹ Document C.226.M.128.1938.II.A.

Most of the observations of the Governments related to points of secondary importance and were not always reconcilable. The Council has been asked to circulate the revised programme to Member and non-member States and to invite them to carry it out at the next census of population in 1940. The minimum programme has been published as No. 1 in a new series of studies and reports on statistical methods, and its main provisions are summarised in the report of the Committee itself.¹ An appendix to the report of the Committee of Statistical Experts contains a minimum programme for collecting statistics relating to actual housing accommodation, as requested at the last session of the Assembly. It deals with such questions as the geographical scope of general housing censuses, the definitions of basic units, such as "the room", "dwellings", "households" and "occupants", the characteristics of dwellings, occupation of dwellings and rooms, and statistics of buildings. This programme is also to be submitted for comment by Governments, so that the final recommendations on the subject may be available for the 1940 census.

The Committee of Statistical Experts has done further work on the minimum list of commodities for international trade statistics. While a large number of Governments have adopted the classification of the items of the minimum list by sections and chapters, a number of them have not been able to adopt the classification of items by stages of production and use, to which the Committee attaches great importance. Accordingly, a summary classification has been prepared which, it is hoped, will overcome the present difficulties, and the Council has been asked to invite Governments which have not already done so, to adopt the minimum list and in appropriate cases to give the reasons which have prevented them so far from adopting the classification by stage of production and use. Another section of the Committee's report contains theoretical and practical guidance to countries which intend to compile indices of industrial production, and similar recommendations regarding the compilation of timber statistics. A beginning has been made with the study of financial statistics by taking banking, capital issues and insurance. It is to be continued with balance-sheets and

¹ Document C.226.M.128.1938.II.A.

profit-and-loss accounts. A systematic study of the question of balances of payments is being undertaken, with a view to making some progress by defining the nature of the statements to be prepared, laying down rules as to the general principles and the terminology to be used, and possibly drawing up a revised standard plan with explanatory notes for the presentation of balances of payments and balances of international assets and liabilities.

Finally, the Committee has carefully considered the offer, through the Danish Government, of the Otto Mønsted Foundation to place at the disposal of the Secretariat a permanent exhibition of graphs relating to current economic and financial conditions. It has examined in detail such questions as the public which would be interested in such an exhibition, where it should be placed, the subjects which should be illustrated, the forms the graphs should take and the cost involved. Under the plan prepared by the Committee of Statistical Experts, they should demonstrate the economic and financial interdependence of nations. The exhibition would be situated in the building of the League, in rooms easily accessible to delegates, committee members, journalists and tourists visiting the building. The gift would entirely cover the cost of preparing the exhibition as well as the general expenses for upkeep, heating, lighting, supervision, etc., for two years.

6

COMMUNICATIONS AND TRANSIT

The Committee for Communications and Transit held its twenty-first session at Geneva from August 1st to 4th, 1938. The conclusions which it reached on the various questions in its province and the resolutions which it adopted regarding them naturally take a large place in the following summary.¹

DISPUTES RELATING TO THE REORGANISATION OF THE RAILWAYS
OF THE FORMER AUSTRO-HUNGARIAN MONARCHY

*Request submitted under Article 320 of the Treaty of St. Germain-en-Laye by the Zeltweg-Wolfsberg and Unterdrauburg-Woellan Railway Company, Vienna.*²

The arbitrators appointed by the Council on September 29th, 1937, fixed the time-limits for the submission of memoranda and counter-memoranda.

The railway company having meanwhile withdrawn its request and the two Governments of the States territorially concerned having raised no objection, the Board of Arbitrators placed on record this withdrawal by its award of June 29th, 1938.

¹ See document C.266.M.159.1938.VIII.

² See *Report on the Work of the League, 1936/37*, Part I, page 127, and Part I of the present report, page 88.

Request submitted by the Noskovci-Slatina-Nasice Local Railway Company Limited, Belgrade.¹

As a result of communications received from the parties concerned, the Committee of Experts set up by the Committee for Communications and Transit thought it advisable, in December 1935, to postpone the examination of the question.

On July 15th, 1938, however, the Noskovci-Slatina-Nasice Local Railway Company sent a letter to the Secretary-General of the League of Nations in which it informed him that the matters it had brought before the League of Nations during the years 1934 and 1935 had been finally settled by the Yugoslav Government and that it accordingly withdrew the request it had submitted in virtue of Article 304 of the Treaty of Trianon for the appointment of arbitrators.

EXEMPTION FROM TAXATION OF LIQUID FUEL USED FOR
AIR TRAFFIC ²

At the Council session in January 1936, His Majesty's Government in the United Kingdom had been authorised to make the necessary arrangements to open in London at an early date for signature by European States the Agreement concerning the exemption from taxation of liquid fuel used in air traffic, the text of which had been submitted to the Council by the Committee for Communications and Transit.

The United Kingdom Government sent the Secretary-General of the League of Nations two letters dated April 26th and June 8th, 1938, regarding the action taken by it on the above-mentioned decision of the Council. In the first of these letters, the United Kingdom Government explained that since the end of 1936 His Majesty's Government had been in communication with all European Governments with a view to carrying out the mandate entrusted to it. As, however, the diplomatic correspondence had given rise to many different points, His Majesty's Government

¹ See *Report on the Work of the League, 1935/36*, Part I, page 141.

² *Ibid.*, page 139.

had come, in the first place, to the conclusion that a conference afforded the best prospect of obtaining international agreement on the matter in question ; it therefore proposed to take the necessary steps to invite the European Governments to a conference in London. The Minister for Foreign Affairs of the United Kingdom requested the Secretary-General to inform the Members of the Council of the intentions of His Majesty's Government in this connection.

In its letter of June 8th, 1938, the United Kingdom Government stated that, in the course of the diplomatic correspondence on this subject, the question had been raised as to the desirability of arranging for the inclusion of non-European Governments by making provision in the original draft agreement for the accession of such Governments. In view of the importance of air communications in Africa and Asia, His Majesty's Government was of the opinion that non-European Governments should be invited to participate in the forthcoming conference on the same basis as European Governments. As the extension of the agreement to non-European Governments was not expressly contemplated in the mandate entrusted to the United Kingdom under the decision of the Council, the Minister for Foreign Affairs of that Government requested the Secretary-General to inform the Members of the Council of His Majesty's Government's intention to invite not only European countries but all countries to participate in the forthcoming conference.

The Secretary-General has complied with this request.

ROAD TRAFFIC

Report of the Committee on Road Traffic on its Twelfth Session.

The Committee for Communications and Transit examined the report of the Committee on Road Traffic on its twelfth session held at Geneva from April 25th to 30th, 1938. ¹

It approved the conclusions contained in this report, and in accordance with the wish expressed by the Committee on Road

¹ See Part I of this report, page 89, and Report of the Committee on Road Traffic on its Twelfth Session (document C.203.M.111.1938.VIII).

Traffic, it requested the Secretary-General to send a questionnaire to the Governments of non-European States on the *direction of traffic*.

UNIFICATION OF STATISTICS
RELATING TO ROAD TRAFFIC ACCIDENTS

The Committee decided at its twentieth session to request the Council to communicate the recommendations of the Committee for the Unification of Statistics relating to Road Traffic Accidents to Governments in order that they should in future draw up their statistics on the subject as far as possible in accordance with the recommendations and tables annexed to the report, and should inform the Secretary-General of the League of Nations before December 31st, 1940, of any experience they might have gained and of any other observations they might see fit to make. The Council endorsed this decision and the Secretary-General accordingly communicated the document in question to the Governments. As the time-limit does not expire until the end of 1940, only a small number of replies, all of a favourable nature, have so far been received by the Secretariat.

The Committee also decided that the results of the work of the Committee for the Unification of Statistics relating to Road Traffic Accidents should be communicated to the eighth International Road Congress which was held at The Hague in June and July 1938. The Committee's report was forwarded to the General Rapporteur of the Congress on the question of the unification of statistics relating to road traffic accidents, and the national reports of several Government delegations gave it prominence. The conclusions adopted by the Congress were largely based on the recommendations of the Committee set up by the Communications and Transit Organisation.

Codification of Road Law.

The Committee on Road Traffic, when it made its preliminary examination of the two Conventions of April 24th, 1926, regarding motor traffic and road traffic respectively and of the Convention of March 30th, 1931, on the Unification of Road Signals, with a

view to their revision in the light of the proposals of certain groups of road users, expressed the opinion that the study should be pursued by a Special Committee to be set up later.

This Committee, under the name of Committee of Experts for the Codification of Road Law, met from July 25th to 27th, 1938. It considered that it should endeavour, on the one hand, to arrange for a revision of the technical provisions of these Conventions in the light of recent progress, and, on the other hand, to secure the greatest possible relaxation of the administrative and legal rules governing the admission of motor vehicles and drivers from one country to another. It proceeded first of all to review and supplement the preliminary work done by the Committee on Road Traffic. During this first session, it was only able to deal with the revision of the 1926 Convention relating to motor traffic. The Committee considered that, as regards this first subject, certain supplementary studies were necessary in view of the complexity of the questions raised, and decided to resume its examination at a later session. It reserved the right to invite, at the proper time, the co-operation of a few international organisations concerned in the question.

SIGNALS AT LEVEL-CROSSINGS¹

In 1937, the Committee for Communications and Transit instructed the Special Committee of Experts which had put forward proposals on signals at level-crossings to draw up a preliminary draft Convention on the basis of its previous work and of the replies received from Governments.

After examining the Special Committee's report and the preliminary draft convention accompanied by detailed technical regulations on signals at different types of level-crossings, the Committee for Communications and Transit decided to transmit this document to the Council with the request that a conference of the States interested should be convened as soon as possible. This conference would take the preliminary draft convention mentioned above as a basis of discussion.

¹ See *Report on the Work of the League, 1936/37*, Part II, page 33.

CO-ORDINATION OF TRANSPORT ¹

A questionnaire sent to the Governments in September 1936 has elicited a considerable amount of information. Thirty-four European and non-European countries have sent replies to the Secretariat, some of them very detailed. The Committee for Communications and Transit had authorised its Chairman, when the time came, to set up a Committee of Experts which would follow closely the classification and analysis of the data collected and would establish for the Committee, with the Secretariat's assistance, a report stating the facts ascertained and any conclusions suggested by the results of the enquiry. At its last session, the Committee for Communications and Transit defined the procedure to be followed and decided that the result of the classification of the replies received by the Secretariat should be printed and sent to the Governments by January 1st, 1939, in order that the latter might revise the information given and complete it if necessary. The Governments which had not yet replied to the questionnaire would be asked to do so without delay.

Once this consultation had been completed, the information supplied would be classified systematically, supplemented by the Secretariat and summarised under the guidance of the Committee of Experts provided for in the resolution adopted by the Committee in 1937. The documentary material thus obtained would provide a basis for the work of the special committee responsible for drawing up conclusions.

PASSPORTS ²

(a) *Enquiry on the Action taken on the Recommendations of the 1926 Passports Conference.*

In pursuance of a resolution adopted by the Committee for Communications and Transit in 1937, the Governments which had not yet sent their replies to the enquiry on the action

¹ See *Report on the Work of the League, 1936/37*, Part II, pages 34 and 35.

² *Ibid.*, page 33.

taken on the recommendations of the 1926 Passports Conference were invited to do so. A summary of the replies received was communicated to the Committee, which duly noted the situation shown therein.

(b) *Identity Documents for Navigating Personnel
in Air Transport Companies.*

On the proposal of one of its members, the Committee for Communications and Transit decided to set up a Committee of Experts to study the question of identity documents for navigating personnel in air transport companies with a view to obtaining for its personnel facilities similar to those at present granted in virtue of bilateral or plurilateral agreements to the personnel of maritime and river navigation companies. This question is of practical importance in view of the nature of air transport, which sometimes necessitates the replacement of a member of the crew at the last moment and special flights outside the ordinary schedules.

PUBLIC WORKS ¹

In accordance with a decision taken by the International Labour Conference in June 1937, the Governing Body of the International Labour Office has set up the new International Public Works Committee on which the Communications and Transit Organisation has the right to be represented. This new Committee held its first session in June 1938, which was chiefly devoted to the establishment of "a uniform plan for the supply of information". On the basis of this plan, the Governments will be requested, through the International Labour Office, to furnish the Committee with particulars of public works in their respective countries. It will therefore not be until its next session, which will take place in the summer of 1939, that the Committee will be able to proceed to the examination of the material received from Governments, to draw conclusions therefrom and to make any recommendations that may be called for.

¹ See *Report on the Work of the League, 1936/37, Part II, page 35.*

REFORM OF THE CALENDAR¹

As all the replies of the Governments to the enquiry undertaken in pursuance of the Council's resolution of January 1937 had not yet reached the Secretariat in time for the twentieth session of the Committee for Communications and Transit, the replies received subsequently were communicated to the Committee at its last session. An examination of these further replies, fourteen in number, shows that their distribution among the different categories established by the Committee at its last session² was much the same as that of the replies already analysed. Consequently, the Committee did not consider that there was any need for it to modify the decision already taken on the subject.³

PROPOSAL OF THE CHINESE GOVERNMENT REGARDING THE YELLOW RIVER FLOODS

The Secretary-General of the League of Nations communicated to the Committee for Communications and Transit a letter from the Chinese Government dated July 26th, 1938, requesting that the League should urgently undertake the necessary measures to control the Yellow River floods, check their extension and prevent their recurrence.

The Chinese Government desired that these measures should consist in the framing of schemes and the supervising of the execution of the necessary conservancy measures for the areas affected by the floods.

The Secretary-General, in communicating the Chinese Government's letter to the Committee, requested it to give a preliminary opinion as to the technical conditions in which such a task, if accepted, could be undertaken under the responsibility of the League of Nations.

After reviewing the question as a whole and making general observations on the present state of affairs, the Committee

¹ See *Report on the Work of the League, 1936/37*, Part II, page 36.

² See document C.380.M.256.1937.VIII, page 39.

³ See *Official Journal*, December 1937, page 912.

defined those conditions. In its opinion, if this task was to be carried out with the maximum chance of success, it would be necessary :

(1) To have adequate technical documentation on the Yellow River, its regime, the situation of its outflow basin and the topography of the flooded areas ;

(2) To send to China a sufficient number of foreign experts to draw up schemes, to organise services and works and supervise their execution ;

(3) To obtain from the Chinese Government for the execution of such measures the necessary number of Chinese engineers and the requisite subordinate technical staff.

The Committee for Communications and Transit considered that if those conditions could not be guaranteed it would be difficult for the League to assume responsibility for the measures in question.

MODIFICATION OF THE RULES OF PROCEDURE OF THE COMMITTEE AS A RESULT OF THE ADOPTION OF THE NEW STATUTE OF THE ORGANISATION ¹

As a result of the adoption by the Council on January 29th, 1938, of the new Statute of the Communications and Transit Organisation, ² which had been drafted by the Special Committee of that Organisation and a small Council Committee, the Committee revised some of the provisions of its Rules of Procedure so as to bring them into line with the new Statute, taking into account the directions given by the Council.³

GENERAL REPORT ON THE WORK OF THE COMMITTEE SINCE ITS LAST ELECTION

In accordance with Article 25 of the new Statute of the Communications and Transit Organisation, the Committee drew up

¹ See Part I of this report, pages 174 and 175.

² Document C.95.M.48.1938.VIII.

³ See *Official Journal*, February 1938, page 111.

a general report on the work done by it since the fourth General Conference on Communications and Transit (October 1931) at which the present Committee was elected.

This report is submitted to the Assembly.¹

WIRELESS STATION OF THE LEAGUE OF NATIONS ²

The Committee for Communications and Transit took note of the Secretary-General's report on the operation of the station during the year 1937 and of the report of the Secretary-General's representative at the International Telecommunications Conferences held at Cairo in 1938.

It observed with satisfaction that the operation of the station was continuing under very favourable conditions.

It noted with pleasure the decisions taken by the Cairo Conferences which, having regard to the special juridical position of the Radio-Nations station, enabled the competent League body to co-operate adequately in the work of the various organs of the International Telecommunications Union.

The Committee requests the Assembly to approve these decisions.

¹ See document A.22.1938.VIII.

² See Part I of this report, page 207.

7

HEALTH QUESTIONS

I. BIOLOGICAL STANDARDISATION

The international standards of sera, vitamins and various drugs established by the Health Organisation are preserved on its behalf by two central institutes — the serological standards at the State Serum Institute, Copenhagen, and the other standards at the National Institute for Medical Research, Hampstead (London). These two institutes have also undertaken the free distribution of the standards under their charge to official and private laboratories of the various countries.

To facilitate this distribution, the Inter-Governmental Conference on Biological Standardisation (Geneva, 1935) recommended the creation in each country of a national centre for the purpose of distributing to control laboratories and to the interested producing establishments the international standards which they need. More than thirty European and oversea countries have carried out this recommendation by creating national distribution centres.

Last February, the Health Committee considered that it would be advisable to strengthen the technical collaboration between these national centres and the central institutes of Copenhagen and Hampstead. With this in view, the Committee decided to organise a visit to the national distribution centres of Central and Eastern Europe. Between May 23rd and June 4th, 1938, the three medical officers appointed¹ visited the

¹ Dr. Th. MADSEN, Director of the State Serum Institute, Copenhagen, and Chairman of the Permanent Commission on Biological Standardisation; Dr. D. K. M. CHALMERS, representing the Hampstead Institute; and Dr. R. GAUTIER, Secretary of the Permanent Commission on Biological Standardisation.

Institutes of Hygiene at Belgrade, Zagreb and Sofia, the "Dr. I. Cantacuzène" Institute of Sera and Vaccines at Bucharest and the State Institutes of Hygiene of Budapest and Prague. This visit made it possible to judge more exactly the needs of these institutes and the conditions in which biological control is carried out there. The use of the international standards can only benefit as a result. Furthermore, the personal contact established between the representatives of the central institutes and the national centres will serve in the future to facilitate the task of both.

The Health Committee recommended (June 1938) that similar liaison should be established with other European national centres.

Conference for the Standardisation of Hormones.

Owing to the rapid progress achieved by the science of hormones — those principles which are necessary to the normal growth and functioning of the body — it appeared possible to establish for several recently isolated hormones a common measure for evaluating on a uniform basis the activity of commercial preparations containing them.

At the meetings previously arranged by the Permanent Commission on Biological Standardisation, it had proved possible to standardise three hormones belonging to the group of sex hormones. The Conference which was held at Geneva from August 11th to 13th under the chairmanship of Sir Henry Dale, Director of the National Institute for Medical Research at Hampstead, London, studied the possibility of establishing international standards for certain hormones which originate in the pituitary gland or which are produced during gestation. The object was not only to choose the substance capable of being used as an international preparation and to define its unit of activity, but also to make sure that a sufficient quantity of each hormone would be available to permit of its distribution to the various countries as an international standard.

The Conference successfully accomplished the standardisation of four new hormones ; on the completion of the comparative assays which the participants representing the laboratories of the United States of America, the United Kingdom, Canada,

Denmark, France and the Netherlands have agreed to carry out, the National Institute for Medical Research, which has once more been good enough to undertake to preserve and distribute these standards on behalf of the Health Organisation, will be able to deliver the four standards for international use.

II. WORK OF THE HOUSING COMMISSION

In conformity with its programme of work, the Housing Commission published in 1937 a report on the hygiene of heat exchanges and on the campaign against noise.¹

This year the Commission called a meeting of experts (June 27th–29th, 1938) to draw up a report on insolation and natural and artificial illumination in relation to housing and town-planning.

The problem of insolation and illumination is a highly complex one. Its examination calls for the collaboration of the biologist, the clinician, the ophthalmologist, the hygienist, the architect, the town-planning expert, the engineer and the climatologist. In addition, modern hygiene tends more and more to regard light as one of the essential factors exercising an influence on health and on physical and mental fitness. The report covers the many aspects of the problem. It details the requirements of modern hygiene on the basis of the present state of knowledge.

The architect and the town-planning expert have a variety of detailed methods at their disposal for adapting their projects to the necessary conditions of insolation and illumination. The report contains a detailed analysis of the complex problem of the orientation of buildings, of the space between buildings (height of buildings, width of streets and courts, etc.) and of fenestration. The experts have in addition established a number of rules relating to open spaces which the town-planning expert should provide in the shape of parks, playing-fields, swimming-pools, etc., to allow all the inhabitants to lead an open-air life.

A special chapter of the report is devoted to questions of natural and artificial lighting in relation to visual functions. These questions also are very complex, for visual efficiency is

¹ *Bulletin of the Health Organisation*, Vol. VI, No. 4.

determined by a variety of psychological, physiological and physical factors. The investigations hitherto carried out show that the problem of optimum lighting is essentially economic and technical in character. In fact, with the improvement of economic and technical conditions the public has become more exacting, and the standards in force for the lighting of dwellings have risen regularly in the various countries. On this point, the experts give a series of instructive examples.

New technical methods in architecture and town-planning are being applied more and more in different countries. They bring an ever-increasing proportion of sun and light to citizens who up to now have been more or less deprived of them. It is, however, necessary to continue these scientific and practical efforts in order to solve what is one of the most important social problems of our time.

III. STUDIES ON PHYSICAL FITNESS

The Rapporteurs of the Commission on Physical Fitness met from July 6th to 8th, 1938.

The terms of reference given to this Commission by the Health Committee consist in the establishment of scientific bases of rational physical education adapted to different ages. The Rapporteurs examined the following questions : results of investigations carried out up to the present into the physiological effects of physical exercise ; programme of studies to supplement these results ; preparation of a list of measures and tests with a view to ascertaining individual physical fitness and form.

Although the question still calls for a great deal of research, the Rapporteurs were able to draw up a series of rules which should be followed by those who take physical exercise. In addition, they prepared a programme covering the collection of documentary material and laboratory research concerning physiology, anthropometry and psychology from the point of view of physical fitness. Finally, the Rapporteurs drew up a medical examination form to serve as a model for submission to all who undertake physical training.

IV. SCHISTOSOMIASIS

At the twenty-ninth session of the Health Committee (June 30th–July 2nd, 1938), Dr. Hilmy Bey, Under-Secretary of State at the Egyptian Ministry of Public Health, proposed the study of *schistosomiasis*, a disease which is very widespread in the Near East, Asia, Africa and certain parts of Central and South America. The work would be conducted on lines similar to those followed by the Malaria Commission, for there is evidence to show that the disease is becoming more and more prevalent, and collaboration appears essential for its study and prevention.

The Committee thought it necessary to undertake a preliminary study and accordingly placed this question on the agenda of its next session.

TRAFFIC IN OPIUM AND OTHER DANGEROUS DRUGS

A. WORK OF THE ADVISORY COMMITTEE ON TRAFFIC IN OPIUM AND OTHER DANGEROUS DRUGS

The Advisory Committee on Traffic in Opium and Other Dangerous Drugs met for its twenty-third session at Geneva from May 16th to June 24th, 1938. The session was preceded by a meeting of its Sub-Committee on Seizures.

The Advisory Committee sat this year for a large part of its session as a preparatory committee to consider the main principles on which a convention for the limitation and control of poppy cultivation and the production of raw opium and the control of other raw materials for the manufacture of opium alkaloids might be based.

The Committee, in addition to considering a special report of the Preparatory Committee on this subject, gave particular attention to the questions of illicit traffic and clandestine manufacture, previously considered by its Sub-Committee on Seizures, and to the situation in the Far East. Further, it examined the annual reports of Governments for 1936 and reviewed the measures taken in the various countries during the year against the abuse of narcotic drugs and in application of the International Opium Conventions.

I. EXAMINATION OF THE ANNUAL REPORTS FOR 1936

The number of annual reports received from Governments for 1936 was 147, as compared with 126 in the previous year. Eighteen of these reports related to prepared opium. There were 52 annual reports from sovereign States and 95 annual reports from various territories.

The Committee noted an increasing activity in the legislative field. Several Governments had announced the promulgation of new laws to bring their legislation into conformity with their international obligations. In 1938, two important States of Latin America — namely, the Argentine Republic and Uruguay — had adopted important enactments, while a new law, to give effect to the provisions of the International Conventions of 1912, 1925 and 1931, had come into effect in Czechoslovakia.

In view of the preparatory work for a conference on the limitation of raw materials, a declaration by the representative of Turkey, who announced that, under a law already before Parliament, the Turkish authorities would be able to furnish data concerning the area under poppy cultivation in that country and the working of the system of licences for cultivation, was of special interest to the Committee. Finally, the representative of Egypt assured the Committee that the Egyptian Government, under the new régime, would not fail to maintain strict supervision over foreign maritime traffic in Egyptian waters.

The Committee, which is most anxious to secure increasingly close co-operation with the States of Latin America, was glad to note a slight increase in the number of annual reports received. A report for 1936 was received from the Government of the Argentine for the first time since 1926, from the Government of Chile for the first time since 1929, and from the Government of Haiti for the first time since 1932. The Committee expressed its conviction that the mission undertaken in Latin America by the Director of the Opium Section would still further improve the situation.

II. APPLICATION OF THE INTERNATIONAL OPIUM CONVENTIONS

Ratifications and Accessions.

The total number of sovereign States parties to The Hague Opium Convention of 1912 remains at 60, and the number of States parties to the Geneva Convention of 1925 at 54. The number of States parties to the Limitation Convention of 1931 has increased from 61 to 64 as a result of its ratification by Latvia, Albania and the Union of South Africa.

Only six Governments, however, have yet ratified the Convention of 1936 for the Repression of the Illicit Traffic in Dangerous Drugs — namely, Belgium, Brazil, China, Greece, India and Roumania. The Committee noted declarations by the representatives of Canada, France, Iran, the Netherlands, Poland, Switzerland and Uruguay that this Convention would as soon as possible be ratified by their Governments. The Committee again laid special emphasis on the importance which it attached to the ratification of this Convention.

Results of the Application of the Opium Conventions as shown in Statistics of World Manufacture, Export and Consumption.

There was a marked increase in 1936, as compared with 1935, in the manufacture of narcotic drugs, a more or less pronounced increase in their consumption, and a very marked increase in the quantities of morphine converted into other drugs.

The manufacture of morphine rose from about 30.8 tons in 1935 to 36.8 tons in 1936, an increase of 6 tons or approximately 20%. The manufacture of codeine rose from 19.9 tons in 1935 to 24.3 tons in 1936, an increase of approximately 22%. The manufacture of dionine rose from 1,850 kilogrammes in 1935 to 2,600 kilogrammes in 1936, an increase of 40%. The manufacture of diacetylmorphine rose from 670 kilogrammes in 1935 to 870 in 1936, an increase of 30%. The manufacture of cocaine rose from 4 tons in 1935 to 4.2 tons in 1936, an increase of 5%.

The world consumption of morphine increased from 7.9 tons in 1935 to 8.3 tons in 1936. The consumption of diacetylmorphine increased from 0.745 ton in 1935 to 0.853 ton in 1936. The consumption of cocaine increased from 3.45 tons in 1935 to 3.62 tons in 1936. The parties to the 1931 Convention are not required to furnish consumption statistics for codeine and dionine but, according to the calculations of the Secretariat, the consumption of codeine increased from 19.3 tons in 1935 to approximately 24.3 tons in 1936, while the consumption of dionine rose from approximately 1.8 tons in 1935 to approximately 2.7 tons in 1936.

There was a very abrupt increase in the quantities of morphine converted into other drugs, the amounts rising from some 22 tons in 1935 to some 28 tons in 1936.

The total exports of the five principal drugs in 1936 showed a general decrease, while the position in regard to world stocks remained practically unchanged.

In the light of the above facts — a general increase in manufacture, no appreciable change in world stocks and a decrease in exports to non-manufacturing countries — it would seem that an increase in consumption had taken place in the drug-manufacturing countries, and this conclusion was borne out by the consumption statistics. It was noted that in ten drug-manufacturing countries the amount of codeine consumed was nearly 4.4 tons more in 1936 than in 1935. Since consumption statistics are based on sales by wholesalers to retailers and not on sales by retailers to the public, the inference may be drawn that in 1936 chemists, military hospitals and other military institutions in certain countries obtained supplies from manufacturers and wholesalers with a view to accumulating stocks, the quantities thus accumulated being shown as consumption.

The amount of morphine manufactured in 1936 in excess of the amount produced in 1935 was all used for conversion into other drugs, particularly codeine and dionine, the amount of morphine used as such being almost the same in 1936 as in 1935.

The figures as a whole showed that the world position in 1936 in regard to the manufacture and use of the five principal drugs was the same as in the five previous years, in that the amounts lawfully manufactured corresponded to legitimate world requirements. The tendency towards a stabilisation of production at the level of legitimate world needs was not therefore interrupted in 1936.

Commentary on the Convention of 1931.

The Limitation Conference of 1931 proposed that a commentary on the Convention should be prepared by the Secretariat. This commentary has now been issued and is entitled "Historical and Technical Study of the Convention for limiting the Manufacture and regulating the Distribution of Narcotic Drugs, July 13th, 1931". The Committee expressed its great appreciation of the value of the commentary which would, in its opinion, greatly assist all those entrusted with the application of the Convention.

III. ILLICIT TRAFFIC AND CLANDESTINE MANUFACTURE

Report of the Sub-Committee on Seizures.

The Sub-Committee on Seizures of the Advisory Committee, reviewing the illicit traffic during 1937 and the first three months of 1938, was gratified to note that the reports furnished by Governments on the illicit traffic were increasing in number and in the value of the information supplied. Advance reports or full annual reports for 1937 were received from 77 Governments, and statements presented orally on behalf of five Governments.

Though there are signs of a decrease in the volume of the illicit traffic in certain parts of the world, notably in the United States of America and Canada, there is unfortunately no definite evidence that the traffic is abating elsewhere. The Far East, more especially China, north and south of the Great Wall, appears to be increasingly the principal source and centre of the illicit traffic in both opium and manufactured drugs. Other sources and centres, however, are to be found in the Balkan countries, and clandestine establishments for the manufacture of drugs continue to be discovered in Turkey.

Certain facts may be noted with satisfaction. Licensed manufacture and the lawful international trade in drugs continue to be strictly controlled. The escape of manufactured narcotic drugs into the illicit traffic from these sources is now almost negligible, and international co-operation for the suppression of the illicit traffic is developing yearly. The police services in the principal countries concerned are in effective touch with one another. The Advisory Committee is, with few exceptions, receiving the close co-operation of Governments, and the information placed at its disposal is increasingly complete. Governments also show a gratifying readiness to adopt suggestions made by the Advisory Committee with a view to improving the system of control and checking the activities of the illicit trafficker.

Special attention was directed this year to the illicit traffic in Yugoslavia. The situation in that country had given rise to serious misgivings, and the hope was expressed that effective measures to deal with it would be taken without delay. The representative of Yugoslavia was requested to urge upon his

Government in particular the expediency of submitting individual reports on any significant cases of illicit traffic which might in future arise. He described to the Advisory Committee the steps which had already been taken in his country to suppress both the illicit traffic and clandestine manufacture. He informed the Committee, for example, that the question of introducing severe penalties for offences against the narcotic drug regulations was under examination.

Clandestine Manufacture.

The Committee expressed the hope that Governments would continue to communicate to the Secretariat any new measures taken to suppress clandestine manufacture, recalling in this connection the opinion expressed last year that the absence of drug addiction within a country did not necessarily mean that clandestine manufacture was excluded, and that almost any country, where special measures were not taken, might serve as a base for such manufacture.

There were no reports before the Committee of any clandestine manufacture discovered since August 1937. Illicit laboratories were discovered prior to that date in the Shanghai International Settlement, Turkey and the United States of America. Clandestine manufacture continues in China, north and south of the Great Wall, but no official reports are available.

Illicit Traffic by Air.

The International Commission for Air Navigation, requested to advise as to measures for preventing the illicit traffic in narcotic drugs by air, adopted three resolutions at its session held in Paris in June 1937. It expressed the view that the efficacy of measures to prevent the smuggling of narcotic drugs must depend on close collaboration between customs administrations in the various countries, and it recommended the conclusion of bilateral agreements for this purpose. It further recommended an interchange between States contracting such agreements of information, through its Secretary-General, in regard to cases of smuggling.

The Advisory Committee recommends these resolutions to the careful consideration of Governments.

Measures to prevent the Use of Ocean-going Vessels for Illicit Traffic.

The Advisory Committee in 1935 recommended that certain measures should be taken to prevent the use of ocean-going vessels for illicit traffic and to establish in seaports an effective supervision of steamships and their passengers. The representatives of Canada and the United States suggested in the following year a series of measures intended for general application by Governments and shipping companies. The observations received from Governments indicate that they have either already taken or are prepared to give general effect to the measures suggested. Effective steps have also been taken on their own initiative by certain trans-oceanic steamship companies, more particularly by the Canadian Pacific Company, the Nippon Yusen Kaisha and the Blue Funnel Line.

IV. SITUATION IN THE FAR EAST

The Committee examined in detail the situation in the Far East, and received from the representatives of several countries substantial information as to the developments which have occurred during the last twelve months. This information shows that the position to which attention was drawn last year¹ as being extremely serious, has grown still worse. In view of the importance of the information thus received and of the fact that the accuracy of part of it was denied by the Japanese representative, the Committee in its report to the Council gave a full account of each of the statements made.²

The Advisory Committee, at the conclusion of its discussion, adopted the following resolution :

“ The Advisory Committee, with reference to the resolution adopted at its twenty-second session and annexed hereto concerning the serious situation existing in the Far East with regard to the

¹ See *Report on the Work of the League, 1936/37, Part I, pages 179-183.*

² Reference should be made to this report (document C.237.M.136.1938.XI) for the important statements made by the representatives of China, the United States of America, Egypt, Canada, India, the United Kingdom, Japan and Portugal, and for the views expressed in regard to these statements by other members of the Committee.

clandestine manufacture of and the illicit traffic in opium and narcotic drugs :¹

“ Once again draws the attention of the Council to the gravity of the situation as revealed by the discussions which took place during the present session ;

“ Requests the Council to ask the Governments concerned to take the most vigorous action with a view to remedying this situation ;

“ Recommends that the Council should officially communicate to the Governments of China and Japan and to the other Governments concerned, through the Secretary-General, the Minutes of the Advisory Committee's discussions on the situation in the Far East at its meetings on June 13th, 14th, 21st and 23rd, and should request those Governments to transmit their observations on the facts brought to light by those discussions. ”

¹ The resolution adopted by the Advisory Committee at its twenty-second session was in the following terms :

“ The Advisory Committee,

“ Recalling the resolution adopted at its twenty-first session concerning the serious situation existing in China as regards clandestine manufacture and the illicit traffic in narcotic drugs ;

“ Having at its present session received information from various members of the Committee, including the representatives of China, the United States of America, Canada and Egypt, which indicated that while the situation in China shows that the efforts of the Chinese Government have brought about improvement in that country, the situation in those regions which are under Japanese influences has deteriorated to an alarming extent since the last session ;

“ Considering that the existing situation constitutes a very real danger not only to the peoples of these regions but also to the whole world and cannot be allowed to continue :

“ Notes with satisfaction the statement by the representative of Japan to the effect that all efforts are being made by the Japanese Government to remedy the position so far as lies within its power, and particularly that steps are being taken to provide severe penalties for drug trafficking ;

“ Relies on the Government of Japan to take immediate and effective steps to put an end to clandestine manufacture and drug trafficking carried on by Japanese subjects in China and especially in those parts of China which are particularly affected by the illicit traffic ;

“ Appeals to the Governments of China and Japan to establish close co-operation wherever this is necessary for the purpose of combating clandestine manufacture and the illicit drug traffic ;

“ Requests those Governments and all other interested Governments to furnish the Committee with official and full information concerning further developments in the situation in respect of illicit traffic and clandestine manufacture ;

“ Recommends that the Council should communicate officially to the Governments of China and Japan and to the other interested Governments, through the Secretary-General, the Minutes of the Advisory Committee's discussion on the situation in the Far East at its sittings on June 1st and 2nd, with a request for the observations of these Governments on the facts disclosed by the discussion.

“ Considering, further, that the absence of official information as regards poppy cultivation, clandestine drug manufacture and the use of opium and drugs in Manchuria and Jehol (“ Manchukuo ”) seriously hampers the Committee in its efforts to deal with the situation :

“ Asks in particular the Japanese Government and also all other interested Governments to provide the Advisory Committee with any available official information in this respect concerning Manchuria and Jehol (“ Manchukuo ”) before the next session of the Committee. ”

V. PREPARATORY WORK FOR A CONFERENCE TO EXAMINE THE POSSIBILITY OF LIMITING AND CONTROLLING THE CULTIVATION OF THE OPIUM POPPY AND THE PRODUCTION OF RAW OPIUM

The Advisory Committee last year made a preliminary examination of the material placed at its disposal by Governments or assembled by the Secretariat with a view to framing a convention on the limitation of the cultivation of the opium poppy. For that purpose it resolved itself into a Preparatory Committee.

The Advisory Committee this year adopted a report submitted by the Preparatory Committee surveying the main principles on which the proposed Convention might be based and indicating the views expressed, more particularly by the producing countries, in regard to them. The Committee, in approving this report, felt it necessary to point out that the views embodied in it did not commit the countries represented on the Preparatory Committee, which regarded itself, for the purpose of this work, as a body of experts framing principles which would in due course be referred to the Governments for their observations.

The main principles on which the Preparatory Committee and the Opium Advisory Committee think a future Opium Limitation Convention might be based, are set out in the Preparatory Committee's report.¹ They may be summed up as follows :

The substances to be covered by the Convention would be raw opium and the poppy plant when cultivated for the production of opium. The Committee considered to what extent the future Convention should provide for the control of the poppy plant used as a raw material for the extraction of opium alkaloids. While the representatives of certain producing countries took the view that the extraction of opium alkaloids from the poppy plant should be prohibited, the general view of the members of the Committee was that the poppy plant should be subject to a control similar to that applied to raw opium only from the moment that it became a raw material for the extraction of opium alkaloids. As regards opium poppy plants cultivated for other purposes than the production of raw opium, such

¹ See document C.221.M.123.1938.XI.

as the production of seed, the Committee did not think it desirable to limit its cultivation. It felt, however, that adequate supervision ought to be exercised over the planting of opium poppy for whatever purpose, and that to this end some system of national control was necessary in order to provide against a possible abusive use of the waste material.

The production of raw opium would be limited to recognised world requirements, which would include opium for medical and scientific needs, opium required for the manufacture of prepared opium (until opium smoking is finally suppressed), and opium needed for other non-medical uses at present authorised in certain countries. A definite quantitative limit of opium production each year to cover these needs would be fixed under the Convention.

As regards the methods of achieving limitation world requirements of raw opium for the purposes recognised in the Convention would be ascertained by a system of Government estimates similar to that applied under the Limitation Convention of 1931.

The question arose whether Governments of producing countries should be required to submit estimates of the area to be placed under poppy cultivation in each year. The representatives of Iran, Turkey and Yugoslavia definitely stated that it would not be possible for them to subject the area under cultivation to direct limitation, and that therefore they could not accept the obligation to submit estimates of the area to be cultivated in any particular year. Support was found in the Committee for the view that such estimates would not be indispensable provided that information was given to the controlling authority regarding the area under cultivation and production from year to year, and that this authority was empowered to ask the Governments concerned for explanations if it found that on the average their production was in excess of the allotted quota. On the other hand, the opinion was expressed by certain members of the Committee, particularly by the representative of China, that unless the area under cultivation was limited the whole principle at the basis of the Committee's work might be endangered.

The estimates thus obtained would be examined by an international controlling authority, which would have the task

of allocating to each producing country on the basis of the estimates the annual quantities to be produced and exported by them.

As regards the problem of how to allocate to exporting producing countries the quantities which they may export, it is suggested that either a quota system or free order system might be adopted. The representatives of certain producing countries and consuming countries pronounced in favour of the system of quotas, because they considered it to be the most effective way of ensuring stability of production. The representatives of other producing countries declared themselves in favour of the free order system which gave more scope for commercial competition.

The Committee appeared, on the whole, to be in favour of the quota system.

Producing countries would undertake not to produce more than the quantity of raw opium which had been allocated to them for production in the course of a given year, and not to export more than the quantity allocated to them for export during the same year. Importing countries would undertake to import amounts which they had estimated as their requirements for the year and only such amounts.

Finally, stocks would be limited to a fixed level both in the producing and the consuming countries; existing excessive stocks would be reduced over a period of years.

The Convention would contain provisions for international control and supervision, as well as provisions regarding national control in both the producing and the consuming countries.

* * *

The Committee, in course of establishing the above principles, discussed the question whether the future convention should or should not provide for the destruction of quantities of opium and opium alkaloids seized in the illicit traffic and confiscated, and the question whether measures might be taken to secure a reasonable level of raw opium prices.

It was also led to consider certain questions of a general character, such as the question whether the convention could come into force unless and until it had been ratified in any case

by all the principal producing countries and the question whether parties to the convention which had not hitherto produced any raw opium should undertake not to do so in the future. Reference, moreover, has already been made to the control which might need to be exercised over poppy straw used for the extraction of opium alkaloids.

Finally, several members of the Committee expressed themselves in favour of requiring parties to the convention to accept an obligation not to purchase raw opium from a producing country which remained outside it. No objections were raised to this proposal. Its logical consequence would be an obligation on the parties not to supply raw opium to countries which did not ratify or apply the convention.

Statements by the Principal Producing Countries.

During the discussions in the Preparatory Committee and at a public meeting of the Advisory Committee, the representatives of the principal producing countries made important statements regarding the extent to which the principle of limitation had already been applied in their respective countries.

The representative of Turkey recalled that his country had for some time been engaged on its own initiative in the work of limitation at the cost of considerable sacrifices. The area under cultivation in Turkey had been reduced to one-quarter of its previous extent and production had been decreased in the same proportions. These measures of limitation had been completed by the creation of a State monopoly which had regulated raw opium prices and encouraged the replacement of poppy cultivation by the cultivation of beetroot, cotton and tobacco. The State monopoly had also instituted a system of direct purchase from the cultivators by the suppression of middlemen. Turkey was ready to do all in her power to ensure the success of the proposed convention, only, however, on condition that limitation was based on principles of justice and equity and involved an equal distribution of duties and sacrifices as between the producing and consuming countries.

The representative of Yugoslavia also gave figures showing the efforts already made in his country towards limitation. The average area sown with poppy in the period 1931-1936

had been reduced by nearly one-half as compared with the previous six years. The Yugoslav Government accepted the principle of limitation of production of raw opium, but account must be taken of the legitimate interests of the producing countries. The production of morphine extracted from poppy straw and capsules should be limited; the producing countries should be afforded an opportunity of replacing the cultivation of poppy with other crops; an attempt should be made to guarantee minimum prices for the limited quantities of opium to be produced; measures should be taken to facilitate the liquidation of existing stocks and to destroy opium and drugs seized in the illicit traffic. Finally, the convention could only be applied if all the countries concerned adhered to it and, in the first instance, the principal producing countries.

The representative of Iran stated that in his country the cultivation of the opium poppy had been prohibited in a large number of territories. The establishment of a monopoly, moreover, had constituted an important step towards the suppression of the illicit traffic, since transactions in raw opium were now effected directly between the peasant proprietors and the State. His Government was ready to co-operate in framing a scheme of limitation, but the international agreement reached would have to take into account the interests of both the producing and the consuming countries.

The representative of China emphasised that the principal object of the proposed convention was the suppression of all non-medical uses of opium. The suppression of the illicit traffic and the limitation of the production of raw opium should not in themselves be regarded as the aims of the convention. The future convention must set a time-limit for the final suppression of the use of prepared opium and for a substantial annual reduction of the production of raw opium if an effective result were desired.

The representative of India assured the Committee of the collaboration of his country, indicating that the principal object to be achieved was to ensure that production should be limited to present world needs as authorised by the Governments concerned.

Results achieved and Work to be undertaken.

The Advisory Committee has now framed a definite statement of the essential principles which might serve as a basis for a future convention, and is thus able to enter upon a new and important stage of its work for the suppression of the abuse of narcotic drugs.

It believes that only by limiting the cultivation of the opium poppy for the production of opium will it be possible to suppress clandestine manufacture and put an effective and final end to illicit traffic.

There was general agreement that one of the objects of the convention must be the abolition of the use of opium for smoking in the countries and territories where it is still authorised, and a corresponding diminution in the production of raw opium. It was understood that the diplomatic Conference would consider provisions to be included in the convention for a reduction over a term of years of the amount of opium required for the manufacture of prepared opium.

It was understood that the report embodying the results of the work of the Preparatory Committee would be submitted to the Council of the League of Nations and subsequently communicated to the Governments for their observations. Governments would be asked to forward their replies to the Secretariat as soon as possible, their attention being drawn to the fact that the work of the Advisory Committee would be greatly facilitated if their replies could reach the Secretariat by January 31st, 1939. The observations of the Governments would enable the Secretariat to prepare for the next session of the Advisory Committee the principal draft articles to be embodied in the future convention.

The Advisory Committee decided to ask the representatives of the producing-exporting countries to hold themselves ready to meet on the occasion of the next session of the Committee under the chairmanship of its President, with a view to reaching agreement among themselves upon the system to be adopted in the allocation of the quantities of raw opium to be exported.

VI. STANDARDISATION OF METHODS FOR DETERMINING THE MORPHINE CONTENT OF RAW OPIUM

The Advisory Committee, in view of the divergences of opinion still existing concerning the so-called international method of determining the morphine content of raw opium and of its importance for the preparatory work for a future convention on the limitation of production, considers that the Committee of Experts of the Health Committee, which has already submitted a report on the subject, should be asked to continue its work. It further suggests that the report of the Committee of Experts, accompanied by any decision which the Health Committee may take on the subject at its next session, should be communicated confidentially to Governments for their observations. The Advisory Committee hopes, on receiving the observations of the Governments, to be able to take a final decision at its next session on the method to be finally adopted.

VII. QUESTIONS RELATING TO INDIAN HEMP CANNABIS

The Sub-Committee on Cannabis of the Advisory Committee, assisted by Dr. J. Bouquet, considered the documents concerning cannabis communicated to the Committee since its last session. The Sub-Committee discussed, among other subjects, the commercial uses of cannabis, its medical uses, the effects of its abuse, methods of detecting its presence and its legal definition. The Sub-Committee considered that on most of these questions further information was desirable. Its work has hitherto consisted almost entirely in the collection of information, and it is not at present in a position to make any definite recommendations.

B. WORK OF THE PERMANENT CENTRAL OPIUM BOARD

At its thirty-fifth session, held in June 1938, the Board examined the current statistics of imports and exports and, in particular, the figures for imports and exports during 1937 of

methyilmorphine and ethylmorphine. It made a preliminary study of excesses in the manufacture of drugs over the amounts permitted for 1937. It also examined the excesses of imports over estimates, noted in the quarterly statistics of the present year.

The Board also gave special attention to the situation in Macao which in its judgment pointed to the escape of considerable quantities of prepared and raw opium into the international illicit traffic. After hearing the observations of the representative of Portugal, Dr. Fernandes, the Board decided to defer its further consideration of the matter until its next meeting on August 23rd, when the results of the examination of the situation in 1937 in Macao by the Advisory Committee on Traffic in Opium and Other Dangerous Drugs will be available. Meanwhile, the representative of Portugal was asked to bring the case directly to the knowledge of the Prime Minister of the Portuguese Republic.

9

INTERNATIONAL ASSISTANCE TO REFUGEES

An Intergovernmental Committee which met at Evian in July on the initiative of the United States Government adopted a resolution which provides, *inter alia*, for close co-operation with the services of the League of Nations as regards refugees coming from Germany. The text of this resolution and the reports adopted by the Sub-Committees were transmitted to the Members of the League at the Intergovernmental Committee's request on July 19th, 1938.¹

¹ See document C.244.M.143.1938.XII.

INTELLECTUAL CO-OPERATION

The Intellectual Co-operation Organisation held its usual series of meetings in July, the chief being that of the International Committee on Intellectual Co-operation from July 11th to 16th, 1938. This session — its twentieth — was preceded by a session of the Advisory Committee on the Teaching of the Principles and Facts of Intellectual Co-operation, which had on its agenda the question of the teaching of modern languages as a means of promoting mutual understanding between nations.

I. Advisory Committee on the Teaching of the Principles and Facts of Intellectual Co-operation.

This Committee's discussions related to the choice of foreign languages and the purposes to be aimed at in teaching them. The Committee noted that the study of modern languages and contemporary civilisations, by reason of the comparisons which it induces with the pupils' own language and civilisation, represents a most useful means of improving their knowledge of the latter, and emphasised the importance of the training of modern language teachers, who should be given special facilities for studies abroad. The Committee drew attention to the importance of a judicious selection of textbooks, to the advantages of combining pictures with sounds in teaching foreign languages

(utilisation of the cinema and of sound-recording material), to the utility of forming special libraries and collections of periodicals, illustrated papers and journals for pupils and to the desirability of encouraging international school correspondence.

II. *Session of the International Committee on Intellectual Co-operation.*

In accordance with its agenda, the International Committee on Intellectual Co-operation discussed the following questions :

Changes which should be made in the “ *Conversations* ” of the Permanent Committee on Arts and Letters. — This Committee was invited to hold a meeting devoted more especially to examining the possibilities in this respect.

Activities of the National Committees on Intellectual Co-operation. — The Committee heard reports on the Regional Conference of Baltic National Committees and on the proposed American Conference on Intellectual Co-operation, which will be held in January 1939 at Santiago de Chile, on the initiative of the Chilian National Committee. It took cognisance of the annual reports submitted by thirty-two National Committees. It endorsed the views of its Executive Committee on the effect to be given to various proposals made by the General Conference of National Committees in 1937,¹ particularly as regards obstacles to intellectual life.

Relations of the Committee with Various Organisations. — Reports were submitted by the International Institute for the Unification of Private Law² and the Advisory Committee of Intellectual Workers.³ Statements were also laid before the Committee regarding relations with the international students organisations, which had held a first “ *Conversation* ” at Luxemburg, and on the activities of the Liaison Committee of

¹ See document C.530.M.369.1937.XII (Minutes of the Second General Conference of National Committees).

² See document C.253.M.150.1938.XII, Appendices 3 and 4.

Major International Associations, which held a session shortly before the Committee met.¹

Modern Means of spreading Information utilised in the Cause of Peace. — The 1937 Assembly had instructed the Committee to study the use which might be made of broadcasting and of the cinematograph for this purpose. A Committee of Experts, which met at Geneva on June 17th and 18th, 1938,² put forward a series of suggestions concerning the development of an information service on the work of the League and of the main international institutions connected with it; the compilation of lists of persons qualified to give radio talks to countries other than their own; the establishment of gramophone record repositories to permit of the organisation of an international service for the loan and exchange of records of a documentary and educational character; and the possibility of framing either bilateral agreements or an international convention to provide for the granting of special facilities to enable accredited broadcasting reporters to enter foreign countries for professional purposes. The Committee approved the proposals of the experts and transmitted them to the Assembly, which is to consider them at its next session.

As regards the cinematograph, the Committee recommended a programme of work of liaison and documentation; it noted with satisfaction the progress of the studies on the intellectual rôle of the recreational cinema and the improvement of public taste in regard to the cinema, and it instructed the Institute to arrange for a meeting of representatives of intellectual circles, teachers and the various branches of the cinematograph industry with a view to a discussion of those problems.

The Director of the International Institute of Intellectual Co-operation had submitted to the Committee a *report on the work of the Institute* since the Committee's last session.³ After a discussion of the report, the Committee adopted a series of resolutions relating to the different literary collections published

¹ See document C.253.M.150.1938.XII, Appendix 6.

² See document A.19.1938.XII.

³ See Part I of this Report and Report of the International Committee on Intellectual Co-operation on the work of its Twentieth Session (document C.253.M.150.1938.XII).

by the Institute ; exchanges of scientific and academic publications ; facilities and access to libraries ; unemployment among young graduates ; questions of higher and secondary education ; and the revision of school textbooks.¹

A prolonged debate took place on work in the sphere of *exact and natural sciences*. The Committee noted the progress made by the Intellectual Co-operation Organisation in this domain and the success of the scientific meetings held during the year 1937/38 (at Paris, Prague, Neuchatel and Warsaw) and instructed the Executive Committee to continue the execution of the proposed plan and to have the results of these meetings published.

The Committee also noted the studies and work of the Department of *Art, Archæology and Ethnology* of the Institute during the period 1937/38. This work referred to the elaboration of international agreements (preliminary draft convention on the protection of historic buildings and works of art in time of war,² and draft international convention for the Protection of National Artistic and Historic Possessions) ;³ to the co-ordination of research and documentation in the sphere of art (work of the International Centre of Institutes of Archæology and History of Art and of the International Committee on Folk Art and Folklore) ;³ and to the administrative studies and technical research of the Institute.

The Committee noted with satisfaction the steady development of the *International Studies Conference*, and considered that the Conference's scientific and continuous study of international relations in Europe, America and the Far East and of the economic policies of the different countries was particularly conducive to the maintenance of world peace.

The Committee considered the possibility of enlarging its programme of work by the establishment of co-ordination in the sphere of *musical bibliography, music teaching, archives of gramophone records, etc.*

¹ Since the publication of Part I of this Report, the Declaration on the Teaching of History has been signed by the Argentine.

² See Report of the International Committee on Intellectual Co-operation, C.253.M.150.1938.XII, Appendices 2 and 6.

³ *Ibid.*, Appendix 6.

*International Competitions in Architecture and Associated Arts.*¹ — The Drafting Committee which met at Paris in April 1938 adopted model rules, which were submitted to the International Committee. The latter approved the text with a slight amendment and transmitted it to the Council of the League of Nations² with the request that it should be communicated to the States Members of the League of Nations and to the non-member States. The Council is to give an opinion on this draft at its next session.

¹ See Part I of this Report, page 159.

² See document C.250.M.148.1938.XII.

11

BUDGETARY AND ADMINISTRATIVE QUESTIONS

I. FINANCIAL POSITION

The general financial position of the League continues to be satisfactory : during the first seven months of the financial year 1938, the amount of contributions received totalled 13,512,047.87 gold francs, or 59.57% of the budget, as against 14,293,217.28 gold francs, or 61.21% of the budget, for the corresponding period last year.

Of the sums paid, 12,952,782.32 gold francs represented payments in respect of the current year and 559,265.55 gold francs in respect of arrears.

II. QUESTIONS CONCERNING THE STAFF PENSIONS FUND

The Supervisory Commission met on June 27th, finally to consider the questions of the actuarial rate and of the admission of officials of 45 years of age or over, which had been referred to it by the last Assembly.¹

With regard to the first question, the Supervisory Commission recommends that no change should for the moment be made in the rate of 4¼ % applied since 1930.

As regards the second, the Commission proposes that persons who have reached the age of 45 should be excluded from admission unless they are appointed as Principal Officers, in which

¹ See document A.5(a).1938.X.

case they should be compelled to insure their lives rather than become members of the Fund.

At its annual session held in July, the Administrative Board of the Fund endorsed these two recommendations of the Supervisory Commission and recommended that, for 1939, the contribution of the League to the Pensions Fund should continue to be 9% of the pensionable emoluments of the members of the Fund.

12

LEGAL AND CONSTITUTIONAL QUESTIONS

MEMBERSHIP OF THE LEAGUE OF NATIONS

In a telegram to the Secretary-General dated July 11th, 1938, the Minister for Foreign Affairs of Venezuela gave notice, under Article 1, paragraph 3, of the Covenant, of that country's withdrawal from the League of Nations.

B. PERMANENT COURT OF INTERNATIONAL JUSTICE

INTRODUCTION

For a complete statement of the facts concerning the organisation, jurisdiction and activities of the Court since the last session of the Assembly, the Secretary-General ventures to refer to the fourteenth annual report of the Court. This work, which has just appeared, will be issued to Governments and also to full delegates to the next session of the Assembly, and their legal advisers.

The manuscript of the present chapter was completed on August 15th, 1938; according to the practice which has been adopted since 1933, it has been compiled in the Registry of the Court and has been included, for the convenience of delegates, in Part II of the report to the Assembly.

1. COMPOSITION OF THE COURT

The Court is composed as follows: M. Guerrero (President) (Salvador), Sir Cecil Hurst (Vice-President) (United Kingdom), Count Rostworowski (Poland), M. Fromageot (France), M. de Bustamante (Cuba), M. Altamira (Spain), M. Anzilotti (Italy), M. Urrutia (Colombia), M. Negulesco (Roumania), Jonkheer van Eysinga (Netherlands), M. Nagaoka (Japan), M. Cheng Tien-Hsi (China), Mr. Hudson (United States of America); M. De Visscher (Belgium).

One judgeship is vacant owing to the death of M. Å. Hammarskjöld, which occurred on July 7th, 1937. The election to fill the vacancy will be held during the Assembly's ordinary session in 1938.

The composition of the Chambers is as follows :

Chamber for Labour Cases (until December 31st, 1939) :
Members : Sir Cecil Hurst (President), M. Altamira, M. Urrutia, M. Negulesco, Mr. Hudson. *Substitute Members* : Jonkheer van Eysinga, M. Nagaoka.

Chamber for Communications and Transit Cases (until December 31st, 1939) : *Members* : M. Guerrero (President), M. Fromageot, M. Anzilotti, Jonkheer van Eysinga, M. Cheng. *Substitute Members* : Count Rostworowski, M. Nagaoka.

Chamber for Summary Procedure (until December 31st, 1938) : *Members* : M. Guerrero (President), Sir Cecil Hurst, Count Rostworowski, M. Fromageot, M. Anzilotti. *Substitute Members* : M. Urrutia, M. De Visscher.

Since the Assembly's last ordinary session, the following two cases have been referred for judgment to the Court and have given rise to the appointment of judges *ad hoc* :

Panevezys-Saldutiskis Railway case, brought by an Application of the Estonian Government against the Lithuanian Government. The judge appointed by the Estonian Government is M. Strandman, Estonian Minister in Paris ; the judge appointed by the Lithuanian Government is M. Römer's, rector of the University of Kaunas and former Vice-President of the Lithuanian Council of State.

Electricity Company of Sofia and Bulgaria case, brought by an Application of the Belgian Government against the Bulgarian Government. The judge appointed by the Bulgarian Government is M. Theohar Papazoff, former counsellor in the Court of Cassation of Bulgaria.

Another case has been submitted for judgment in which one of the parties has reserved the right to appoint a judge *ad hoc* : this is the case of the Société commerciale de Belgique, brought by an Application of the Belgian Government against the Greek Government. There is no judge of Greek nationality on the bench.

2. THE REGISTRY

The Registrar of the Court is M. Julio López Oliván, former Spanish Ambassador in London. He was appointed on December 5th, 1936.

3. THE STATUTE AND THE RULES OF COURT

The Statute of the Court (revised Statute), which came into force on February 1st, 1936, was published by the League of Nations in document C.80.M.28.1936.V, and by the Court in the third edition of volume 1 of Series D of its publications.

The same volume also contains the revised Rules of Court, which came into force on March 11th, 1936.

4. JURISDICTION

(a) TREATIES

Since the last ordinary session of the Assembly, the following new agreements or treaties conferring jurisdiction of the Court, or providing that questions of their interpretation shall be referred to it, or that some extra-judicial action shall be taken by the Court or its President, have come to the knowledge of the Registrar :

Treaty of conciliation, arbitration and judicial settlement between Bulgaria and Denmark. Sofia, December 7th, 1935.

Treaty of conciliation, arbitration and judicial settlement between Denmark and Yugoslavia. Belgrade, December 14th, 1935.

Treaty of conciliation between Chile and Norway. Oslo, January 27th, 1936.

Air navigation convention between Estonia and Finland. Helsinki, September 12th, 1936.

International convention concerning the use of broadcasting in the cause of peace. Geneva, September 23rd, 1936.

Convention fixing the minimum age for admission of children to industrial employment (revised 1937). Geneva, June 22nd, 1937.

Convention concerning the age for admission of children to non-industrial employment (revised 1937). Geneva, June 22nd, 1937.

Convention concerning the reduction of hours of work in the textile industry. Geneva, June 22nd, 1937.

Convention concerning safety provisions in the building industry. Geneva, June 23rd, 1937.

Treaty of friendship, commerce and navigation between Siam and Sweden. Stockholm, November 5th, 1937.

STATES WHICH HAVE SIGNED THE OPTIONAL CLAUSE (51)					STATE WHICH HAS ACCEPTED the compulsory jurisdiction of the Court under Article 36, paragraph 2, of the Statute and the Resolution of the Council of May 17th, 1922
without any condition as to ratification or other suspensive conditions		subject to ratification or other suspensive conditions		States previously bound but whose engagement has expired	
but which have not ratified the Protocol of Signature of the Statute	and which have ratified the Protocol of Signature of the Statute	and in the case of which the condition(s) is (are) fulfilled	and in the case of which the condition(s) was (were) not fulfilled on June 15th, 1938		
Costa Rica Nicaragua Turkey	Bolivia Brazil Bulgaria Colombia Estonia Haiti Lithuania Luxemburg Netherlands Panama Paraguay ¹ Portugal Salvador Spain Sweden Uruguay	Union of South Africa Albania ² Australia Belgium United Kingdom Canada Denmark Dominican Republic Finland ² France ² Greece Hungary India Iran Ireland Latvia New Zealand Norway ² Peru Roumania ² Siam Switzerland	Argentine Czechoslovakia Guatemala Liberia Poland	China Ethiopia Germany Italy Yugoslavia	Monaco
States not bound by the Clause	<i>States bound by the Clause (38)</i>		States not bound by the Clause		<i>State bound (1)</i>

¹ This State acceded to the Clause subject to ratification, but renewed its accession without attaching that condition.

² In a letter to the Secretary-General of the League of Nations dated May 27th, 1938, the Minister of Paraguay in Paris announced that "the Republic of Paraguay withdraws its declaration of acceptance" of the Optional Clause.

The number of international agreements (other than the Optional Clause) published by the Registry which confer jurisdiction on the Court on any grounds is about 540.

(b) THE OPTIONAL CLAUSE

Since the Assembly's last session, Estonia has renewed her acceptance of the Optional Clause annexed to the Court's Statute (Article 36, paragraph 2).

The general situation in regard to the acceptance of the Optional Clause is shown in the table opposite.

5. ACTIVITIES OF THE COURT

In August 1937, the following cases were pending :

Short title	General List No.	Parties
(a) Phosphates in Morocco . . .	68 and 71	Italy/France
(b) Lighthouses in Crete and Samos	70	France/Greece
(c) The Borchgrave Case. . .	72 and 73	Belgium/Spain

Since the Assembly's Eighteenth Session, the three following cases have been brought before the Court :

Short title	General List No.	Parties
(d) Panevezys-Saldutiskis Rail- way	74 and 76	Estonia/Lithuania
(e) Electricity Company of So- fia and Bulgaria . . .	75	Belgium/Bulgaria
(f) Société commerciale de Belgique	77	Belgium/Greece

(a) PHOSPHATES IN MOROCCO

(see Report on the Work of the League, 1935/36, page 104, and Report 1936/37, Part II, page 67)

The General Act signed at Algeciras, on April 7th, 1906, provides (Article 112) that the conditions for the granting of

concessions and for the working of mines and quarries in Morocco will be determined by Shereefian firman. According to the provisions of the General Act and of the Franco-German Convention of November 4th, 1911, concerning Morocco, to which the Italian Government acceded, the regulations thus made were to respect the general principle of economic liberty ("the open door"). These regulations came into force on January 19th, 1914, the date on which were promulgated two mining dahirs, of which one laid down the mining regime and the other established an Arbitration Commission to adjudicate upon rights arising out of acts dating from before the new regulations. From November 3rd, 1914, to June 9th, 1918, the right to apply for mining prospecting licences was suspended. In 1918 and 1919, new dahirs and decrees laid down the conditions governing the deposit of applications for mining prospecting licences and prospecting operations, etc., with especial reference to phosphate deposits.

On January 27th, 1920, a dahir was promulgated reserving to the Maghzen the right to prospect for and to work phosphates. This dahir took account of vested rights and a special procedure was laid down for obtaining recognition of such rights. Another dahir, dated August 7th, 1920, established a State monopoly (*régie*), known as the Shereefian Phosphates Office, which was responsible for prospecting and for working phosphates in Morocco. This Office carried on the prospecting work which had been undertaken by the Moroccan Mines Department since 1917, commenced the working of deposits and, between 1933 and 1934, participated in the formation of the North African Phosphates Cartel.

Between October 1918 and April 1919, thirty-three prospecting licences in reserved areas had been issued by the Mines Department of Morocco to French citizens. The rights of the latter (or certain of their rights) were ceded to an Italian citizen, M. Tassara. The latter, in October 1921 — *i.e.*, after the promulgation of the dahirs reserving to the Maghzen the right to prospect for and to work phosphates — applied to the Moroccan Mines Department for recognition of his rights. On January 8th, 1925, his application was rejected. Subsequent representations were made by him or by his successors to the Shereefian and French authorities. The Italian Embassy in Paris lent its good offices. Later, the Italian Government took up the case

on behalf of its nationals and proposed to the French Government that the question should be referred to arbitrators or to the Permanent Court of International Justice.

On March 10th, 1934, the French Government gave a negative answer. After making further representations which proved fruitless, the Italian Government decided to bring the case before the Court by Application.

The Application of the Italian Government was filed with the Registry on March 30th, 1936 ; it relies on the declarations of Italy and France acceding to the Optional Clause of Article 36 of the Court's Statute. It asks the Court to declare that certain measures taken by the Shereefian Administration (in particular the Mines Department), by the French authorities in Morocco and by the French Government in its capacity as the State protecting Morocco, in connection with prospecting for and working phosphates in Morocco, are inconsistent with the international obligations of Morocco and of France as laid down in the Act of Algeciras and in the Franco-German Convention and should for that reason be annulled ; alternatively, that the decision of the Mines Department of January 8th, 1925, and the denial of justice which followed it, are inconsistent with the international obligation incumbent on Morocco and on France to respect the rights acquired by Italian nationals.

The Italian Government's Application was notified to the French Government and the communications provided for in Article 40 of the Statute and Article 34 of the Rules were duly despatched. Furthermore, in accordance with Article 63 of the Statute and Article 66 of the Rules, the Registrar notified the United States of America, Belgium, Great Britain, the Netherlands, Portugal, Spain and Sweden, as parties to the Act of Algeciras, certain of these Powers having moreover acceded to the Franco-German Convention.

The Italian Government submitted a Memorial within the time-limit fixed. Within the time-limit for the filing of the Counter-memorial, the French Government presented preliminary objections. The proceedings on the merits were thereupon suspended and a time-limit was fixed for the filing by the Italian Government of its observations upon the French objections. Subsequently, at the request of the Parties, two additional written documents were filed : a French Answer to the Italian

Observations, and further Italian Observations. In the course of public sittings held between May 2nd and 16th, 1938, the Court heard oral argument by the Parties' representatives.

* * *

The Court delivered its judgment on June 14th, 1938.

In its judgment, the Court first of all observes that the facts and circumstances out of which the dispute originated are set out in the Italian Application. Without expressing any opinion upon the divergences of view to which they gave rise, the Court, for the purposes of its judgment, which is limited to the question of its jurisdiction, confines itself to considering those the existence and date of which are not disputed.

Among the French objections is one which contests, in regard to the Application as a whole, the compulsory jurisdiction of the Court as established between France and Italy by their declarations acceding to the Optional Clause. The Court therefore must first adjudicate upon this objection in order to satisfy itself as to the grounds of its jurisdiction.

In its declaration, of which the ratification was deposited on April 25th, 1931, the French Government accepts as compulsory the jurisdiction of the Court ". . . in any disputes which may arise after the ratification of the present declaration with regard to situations or facts subsequent to such ratification". The French Government, relying on this passage, maintains that, as the situations and facts out of which the present dispute arises date from before the crucial date — namely, the date of its acceptance of the compulsory jurisdiction — the Italian Government's Application cannot be entertained. The Italian Government, on the other hand, argues that the dispute arises from factors subsequent to the crucial date, first because certain acts, which considered separately are in themselves unlawful international acts, were actually accomplished after the crucial date; secondly, because these acts, taken in conjunction with earlier acts to which they are closely linked, constitute as a whole a single, continuing and progressive illegal act which was not fully accomplished until after the crucial date; and, lastly, because certain acts, though carried out prior to the crucial date, nevertheless gave rise to a permanent situation inconsistent with international law which has continued to exist after the said date.

Interpreting the limitation contained in the French declaration, the Court observes that this limitation is twofold. It relates in the first place to the date on which the dispute arose. It is not denied that in this case the dispute arose after the crucial date ; there is therefore no need to consider that point. The second limitation relates to the situations and facts with regard to which the dispute arose. The declaration is quite clear on this point : the only situations or facts falling under the compulsory jurisdiction are those which are subsequent to the crucial date and with regard to which the dispute arose — that is to say, those which must be considered as being the source of the dispute. The intention of the French Government in stipulating this limitation is also quite clear : it intended to deprive the acceptance of the compulsory jurisdiction of any retroactive effects, in order both to avoid, in general, a revival of old disputes and to preclude the possibility of the submission to the Court by application of situations or facts dating from a period when the State whose action was impugned was not in a position to foresee the legal proceedings to which these facts and situations might give rise. Accordingly, the situations and facts have to be considered from the point of view both of their date in relation to the date of ratification and of their connection with the birth of the dispute. Situations or facts subsequent to the ratification could serve to found the Court's compulsory jurisdiction only if it was with regard to them that the dispute arose. The question whether a given situation or fact is prior or subsequent to a particular date is one to be decided in regard to each specific case, just as the question of the situations or facts with regard to which the dispute arose must be decided in regard to each specific case. In answering these questions, it is necessary to bear in mind the will of the State which only accepted the compulsory jurisdiction within specified limits, and consequently only intended to submit to that jurisdiction disputes having actually arisen from situations or facts subsequent to its acceptance. It would be impossible to admit the existence of such a relationship between a dispute and subsequent factors, which either presume the existence or are merely the confirmation or development of earlier situations or facts constituting the real causes of the dispute.

The Court then considers whether the dispute forming the

subject of the Italian Government's Application arose with regard to situations or facts subsequent to the crucial date. The subject of the dispute has been presented by the Italian Government under two separate aspects : First, a general aspect, which is referred to as the " monopolisation of the phosphates ". This monopolisation is described as a regime instituted by the dahirs of 1920 which, by reserving to the Maghzen the right to prospect for and to work phosphates, established a monopoly inconsistent with the international obligations of Morocco and of France ; this regime, being still in force, is said to constitute a situation subsequent to the crucial date and one which therefore falls within the Court's compulsory jurisdiction. The second aspect of the dispute is more limited : it relates to the decision given in 1925 by the Moroccan Mines Department rejecting the application of the Italian citizen, M. Tassara, and to the alleged denial of justice to him and his successors. These acts are also included under the general designation of the monopolisation of phosphates, but are put forward here as contrary to the international obligation to respect the vested rights of the Italian nationals.

As regards the first of these aspects, the Court holds that the alleged inconsistency of the monopoly regime with the international obligations of Morocco and of France is a reproach which applies first and foremost to the dahirs of 1920 establishing the monopoly. Those dahirs are the facts which really gave rise to the dispute regarding the monopolisation ; but, by their date, these dahirs fall outside the Court's jurisdiction. The Italian Government, however, has presented the monopolisation as a continuing and progressive action which has only been completed by certain acts subsequent to the crucial date ; the denial of justice suffered by M. Tassara and his successors in 1931-1933, and the participation of the Moroccan Phosphates Administration in the North African Phosphates Cartel in 1933-1934. The Court holds that the participation of the Moroccan Phosphates Administration in the Phosphates Cartel did not alter the situation which had been established ever since 1920 by the monopoly. The monopoly alone could form the subject of complaint in this connection ; it may have made the participation in the cartel possible, but this participation does not in any way affect the legality or illegality of the monopoly.

The Court next considers the dispute from the second aspect. The Italian Government does not deny that the alleged dispossession of M. Tassara results from the Mines Department's decision of 1925 which, by reason of its date, falls outside the Court's jurisdiction. But it contends that that decision constituted only an uncompleted violation of international law and that this violation only became definitive as a result of the final refusal of any redress — which refusal was subsequent to the crucial date.

The Court, however, holds that acts subsequent to the crucial date cannot be regarded as factors giving rise to the present dispute. The alleged denial of justice merely results in allowing the alleged unlawful act to subsist: it exercises no influence either on the accomplishment of the act or on the responsibility ensuing from it. As regards the argument that the dispossession of M. Tassara and his successors constituted a permanent illegal situation which, although brought about by the decision of the Mines Department, was maintained in existence at a period subsequent to the crucial date, the Court considers that the complaint of a denial of justice cannot be considered separately from the decision of 1925. For the Court could not regard the denial of justice as established without first satisfying itself as to the existence of the rights of the private citizens alleged to have been refused judicial protection. And this it could not do without calling in question the decision of 1925. It follows that an examination of the justice of this complaint could not be undertaken without extending the Court's jurisdiction to a fact which, by reason of its date, is not subject thereto.

Accordingly, whatever aspect of the question is considered, it is the decision of 1925 which is always found, in this matter of the dispossession of the Italian nationals, to be the fact with regard to which the dispute arose.

In conclusion, the Court finds that the dispute submitted to it, whether regarded in its general aspect, represented by the alleged monopolisation of the Moroccan phosphates, or in its more limited aspect, represented by the claim of the Italian nationals, did not arise with regard to situations or facts subsequent to the ratification of the acceptance by France of the compulsory jurisdiction, and that, in consequence, it has no jurisdiction to adjudicate on this dispute. It does not accordingly

feel called upon to adjudicate on the other objections submitted by the French Government.

For these reasons, the Court decides that the Italian Government's application cannot be entertained.

(b) LIGHTHOUSES IN CRETE AND SAMOS (see Report on the Work of the League, 1933/34, Part II, page 76, and 1936/37, Part II, page 74)

The case concerning the lighthouses, which had been submitted to the Court by a Special Agreement concluded between the French and Greek Governments, had been the subject of a Judgment delivered on March 17th, 1934, in which the Court decided that "the contract of April 1st/14th, 1913, between the French firm Collas & Michel, known as the Administration générale des Phares de l'Empire ottoman, and the Ottoman Government, extending from September 4th, 1924, to September 4th, 1949, concession contracts granted to the said firm, was duly entered into and is accordingly operative as regards the Greek Government in so far as concerns lighthouses situated in the territories assigned to it after the Balkan wars or subsequently". This decision was preceded by a reservation in which the Court observed that the Special Agreement only required it to decide on a question of principle, and that it was not called upon to specify which were the territories detached from Turkey and assigned to Greece after the Balkan wars or subsequently where the lighthouses in regard to which the contract of 1913 is operative were situated. The Court further pointed out that it was all the more necessary to make this reservation because the Parties had not argued before the Court the questions of fact and of law which might be raised in that connection, and which the Court had not been asked to decide.

After this Judgment, the Greek Government, while declaring itself prepared to execute it, observed to the French Government (see *note verbale* addressed on July 17th, 1934, to the French Legation at Athens) that, as the territories covered by the contract had not been specified, and that as that question therefore remained open, it considered that the lighthouses in Crete and in Samos remained outside the ambit of the contract

of April 1st/14th, 1913. For the territories in which they were situated were detached from Turkey well before that date, and the contract was entirely inoperative in so far as concerns those islands, which were detached from Turkey before 1913, just as it now is in so far as concerns Greece, the legal successor of those islands, which were previously autonomous territories incorporated in the territory of Greece in 1913.

As the French Government was unable to accept this standpoint, the two Governments, on August 28th, 1936, concluded a Special Agreement, in which the Court was asked to decide whether "the contract concluded on April 1st/14th, 1913, was duly entered into and is accordingly operative as regards the Greek Government in so far as concerns lighthouses situated in the territories of Crete, including the adjacent islets, and of Samos, which were assigned to that Government after the Balkan wars". The Special Agreement was filed with the Registry on October 27th, 1936.

A Memorial and Counter-memorial were filed by each of the Parties within the time-limits that had been fixed. The Court heard the arguments presented orally by the Parties on June 28th and 29th, 1937, and judgment was delivered on October 8th, 1937.

* * *

The Court states, in the first place, that, according to the terms of the Special Agreement, the dispute relates to the applicability in a particular case of the principle laid down in the Judgment of 1934. It goes on to observe that this question is regarded by the Parties as accessory to the principal question already decided by the Court; and that the decision of principle which is embodied in the Judgment of 1934 and which is now *res judicata*, is in no way called in question. The Parties simply ask the Court whether Crete and the adjacent islets and Samos are included amongst the territories to which the decision on the question of principle applies and whether, consequently, the contract of 1913 was duly entered into in so far as concerns them.

The issue thus formulated amounts to the question what special reasons or circumstances were contemplated or recognised by the Parties as a possible ground for exception to the principle adopted by the 1934 judgment, such as would warrant the

exclusion of the territories of Crete and Samos from the application of that judgment. The Parties expressed themselves very clearly on this subject in the Special Agreement itself : they requested the Court to decide the question “ taking into account the period at which the territories specified were detached from the Ottoman Empire ”.

Accordingly, there is one circumstance, and one circumstance only, which will warrant an exception to the application of the Judgment of March 17th, 1934, on the question of principle — namely, the period at which detachment from the Ottoman Empire took place in the case of the territories in question. It follows that, in deciding the question submitted to it, the Court cannot, without disregarding the terms of the Special Agreement, take into account considerations which might warrant an exception to the applicability of the principle laid down by the Judgment of March 17th, 1934, for reasons other than the sole ground for an exception admitted by the Parties.

The Court therefore has to determine the period at which Crete and Samos were detached from the Ottoman Empire. In the first place, however, it has to examine Article 9 of Protocol XII, signed at the same time as the Treaty of Lausanne of July 24th, 1923 ; does this article, which is binding on both Parties and formed the basis of the Judgment of 1934, warrant in favour of Crete and Samos an exception to the principle laid down by that Judgment ? No, it does not. The text is of a general character and does not warrant any exception or reservation. It applies to all the territories which were detached from Turkey after the Balkan wars, and lays down that a State succeeding to Turkish territory is subrogated as regards the rights and obligations of Turkey in those territories. It provides for the direct and immediate succession of Greece to the obligations contracted by Turkey, without any break in the continuity of the sovereignty over the territories to which it refers. It establishes a close correlation between the detachment and the assignment of the territories. Therefore, from the standpoint of the applicability of the principle in question, there is nothing in the text of Article 9 of Protocol XII to warrant any differentiation between the various territories which were assigned to Greece.

But the reasoning of the Greek Government seeks precisely

to preclude any contention based on this absence of differentiation. The line of argument is as follows : Article 9 had no need to differentiate, because, having been framed to meet a different case from that which is now submitted to the Court, it is *a priori* incapable of being applied to the territories of Crete and Samos. Thus, Article 9 could not do otherwise than consider the detachment and the assignment of the territories as two aspects of a single operation, for the hypothesis envisaged by that article was that of territories transferred from the sovereignty of Turkey to another sovereignty. But, in the case of Crete and Samos, these territories were not and could not have been detached from Turkey by a transfer of sovereignty from that State to Greece, seeing that Turkey had long since lost her sovereignty in regard to them. Therefore, in 1913, the Ottoman Government no longer had any title, competence or capacity to conclude the contract in dispute. Consequently, the issue, reduced to its essence, may be stated as follows : Had every link between the Ottoman Empire and the islands disappeared at the time of the contract ?

The Court does not consider that this was the case. Examining the regime of autonomy granted to the territories in question, it arrives at the conclusion that, though the Sultan had been obliged to accept important restrictions on the exercise of his rights of sovereignty as regards Crete and Samos, that sovereignty had not ceased to belong to him. The Court finds proof of this more especially in Articles 4 and 5 of the Treaty of London (May 17th/30th, 1913), in the Treaty of Athens (November 1st/14th, 1913) and in Article 12 of the Treaty of Lausanne (July 24th, 1923).

The Court accordingly considers that the Greek Government has not proved its contention and that the lighthouses in Crete and Samos are indeed lighthouses situated in territories which not only were assigned to Greece after the Balkan wars, but also were not detached from the Ottoman Empire until that time. Article 9 of Protocol XII of Lausanne is therefore applicable to the contract of 1913, and that contract must be considered as having been duly entered into and as accordingly operative as regards Greece in respect of the said territories. The particular case therefore falls within the scope of the decision on the question of principle delivered by the Court in 1934.

This conclusion, deduced from the international instruments, is not, in the opinion of the Court, invalidated by an argument which the Greek Government had founded on the autonomous regimes granted by the Porte to Crete and Samos prior to the date of the contract. These regimes of autonomy had not abrogated the rights of the Sultan. Accordingly, Crete and Samos must be regarded as having still formed part of the Ottoman Empire at the date of the contract in dispute, and that contract, being applicable to the whole of the Ottoman Empire, is therefore applicable to these islands.

(c) THE BORCHGRAVE CASE (see Report on the Work of the League, 1936/37, page 75)

On March 5th, 1937, the Belgian Minister at The Hague filed with the Permanent Court of International Justice a Special Agreement concluded on February 20th, 1937, between the Belgian and Spanish Governments. By the terms of this Special Agreement the two Governments, in view of the fact that a dispute had arisen between them *à propos* the death of Baron Jacques de Borchgrave, agreed to submit it to the Court, which was requested to say whether, having regard to the circumstances of fact and of law concerning the case, the responsibility of the Spanish Government was involved.

On April 1st, 1937, the President of the Court, taking into consideration a proposal submitted by agreement between the Parties, made an Order fixing the time-limits of the written procedure so as to provide for the successive submission of the following documents : a Memorial by the Belgian Government, a Counter-memorial by the Spanish Government, a Reply by the Belgian Government, and a Rejoinder by the Spanish Government. Within the time-limit fixed for the filing of the Counter-memorial, the Spanish Government submitted preliminary objections to the jurisdiction. The procedure on the merits having then been suspended, the Belgian Government filed a written statement of its observations and submissions in regard to the objections.

In the course of public sittings held on October 18th, 19th and 20th, 1937, the Court heard oral arguments by the representatives of the Parties concerning the Spanish objections.

By an Order made by the Court on May 13th, 1937, the Spanish Government's Agent had, at his request, been authorised to present his oral arguments in the Spanish language, causing them to be immediately followed by an oral translation, arranged for by him, into one of the official languages of the Court.

* * *

On November 6th, 1937, the Court delivered its Judgment on the objections.

The Judgment first sets forth the facts as alleged : During the later months of 1936, Baron Jacques de Borchgrave, a Belgian national resident in Madrid, collaborated in the work of the Belgian Embassy in Madrid. He left the Embassy by automobile on December 20th, 1936, and never returned. On the same day, his disappearance was notified by the Embassy to the Spanish civil and military authorities. A body found on the route from Madrid to Fuencarral on December 22nd, five kilometres from Madrid, was later identified as the body of Baron Jacques de Borchgrave. Some days thereafter, the automobile in which Baron Jacques de Borchgrave had left the Embassy was retrieved in Madrid.

The judgment next analyses the submissions of the Parties. In its Memorial, the Belgian Government submitted : (1) that the responsibility of the Spanish Government was involved on account of the crime committed ; (2) that that Government was responsible for not having used sufficient diligence in the apprehension and prosecution of the guilty. In the Spanish preliminary objections it was submitted that the Court had no jurisdiction to examine the second of the Belgian Government's submissions, and, moreover, that neither submission could be entertained so long as remedies afforded by Spanish municipal law had not been exhausted. In the course of his oral argument, the Spanish representative stated that he maintained his first objection but asked that the second, which he maintained as a part of his defence, should be joined to the merits. To sum up, according to the Spanish Government's contention, the Special Agreement refers only to responsibility by reason of the fact of the death of Borchgrave and does not refer to facts subsequent to the death ; the Belgian Government holds, on the contrary, that the

Special Agreement includes two different reasons for the responsibility : the death of the victim, and the lack of diligence in apprehending the guilty.

The issue thus submitted to the Court depends, therefore, on the interpretation of the Special Agreement. In the view of the Court, the terms of the Special Agreement are so unlimited, and its text is so free from qualifying expressions, that it may be said that the Special Agreement is characterised by its generality. This conclusion is not weakened by the notes which were exchanged by the Parties after the death of the victim, and which the Court proceeds to analyse : the agreement reached in the course of this correspondence related to the general question of the legal responsibility of the Spanish Government in connection both with the fact of the death and with the measures taken subsequently.

Having thus rejected the first objection of the Spanish Government, the Court observes that the representative of the Spanish Government had withdrawn the second as a preliminary objection, but had maintained it as part of his defence to be joined to the merits. The Court takes note of this withdrawal and accordingly does not adjudicate upon the Belgian submissions in regard to that objection. However, it observes that it is possible to join to the merits only objections which are before it. The withdrawal of the preliminary objection has left nothing of it to be joined to the merits. Any defence on the merits must be presented in the regular way in the course of the proceedings on the merits.

* * *

By an Order appended to the Judgment and bearing the same date, the Court had fixed the time-limits for the continuation of the written proceedings on the merits — namely, for the filing of a Counter-memorial by the Spanish Government, of a Reply by the Belgian Government, and of a Rejoinder by the Spanish Government.

On January 4th, 1938, within the time-limit fixed for the filing of the Counter-memorial — a time-limit which had been extended at the request of the Parties — the Registrar of the Court received from the Agents of the Parties letters, in identical terms, requesting him to inform the Court that the Belgian

and Spanish Governments had agreed to discontinue proceedings in the Borchgrave case. Pending the moment when the Court was sitting and was able to take the requisite formal action upon these communications and to order the removal of the case from the list, the President of the Court made an Order the same day suspending the written proceedings. The Order by which the Court, under Article 68 of its Rules, placed on record the discontinuance of the proceedings by the Parties and ordered the case to be removed from the Court's list was made on April 30th, 1938.

(d) PANEVEZYS-SALDUTISKIS RAILWAY

The Estonian Government filed an Application with the Registry on November 2nd, 1937, instituting proceedings against the Lithuanian Government, having regard to the Declarations of acceptance by Estonia and by Lithuania of the Optional Clause in Article 36, paragraph 2, of the Court's Statute.

The case as set forth in the Application is as follows :

Shortly after the proclamation of its independence, the State of Lithuania seized the Panevezys-Saldutiskis railway line and has operated it ever since. The proprietors and concessionaires of this line are, however, a formerly Russian joint-stock company transformed into an Estonian joint-stock company by the treaty of peace between Estonia and Russia of February 2nd, 1920, and by Estonian legislation. The Estonian Government, having without success attempted to persuade the Lithuanian Government through diplomatic channels to recognise the rights of the company, has submitted the case to the Court, requesting it to adjudge and declare that the Lithuanian Government has wrongfully refused to recognise the rights of the company and to compensate them for the illegal seizure and operation of this line; and that the Lithuanian Government is under an obligation to make good the prejudice thus sustained by the company.

Within the time fixed for the filing by Lithuania of the Counter-memorial, the Lithuanian Government raised two preliminary objections, of which the first was based " on the non-observance by the Estonian Government of the rule of international law to the effect that a claim must be a national claim, not only

at the time of its presentation, but also at the time when the injury was suffered”, and the second “ on the non-observance by the Estonian Government of the rule of international law requiring the exhaustion of the remedies afforded by municipal law ”.

The Court made an Order on June 30th, 1938, joining these objections to the merits. It also fixed the time-limits for the filing of the subsequent documents on the merits in such a way that the written proceedings will be concluded by November 25th, 1938.

(e) ELECTRICITY COMPANY OF SOFIA AND BULGARIA

On January 26th, 1938, the Belgian Government filed with the Registry an Application instituting proceedings against the Bulgarian Government. The Application asks the Court to declare that the Bulgarian Government has failed in its international obligations owing to the fact that certain Bulgarian authorities (administrative, judicial and legislative) have taken measures injuriously affecting the rights of the Electricity Company of Sofia and Bulgaria which holds a concession from the Municipality of Sofia for the electric lighting of that city, and which is a company registered under Belgian Law. The Court is also asked to order that the necessary reparation be made for the measures complained of which have been taken by the Bulgarian authorities.

The Belgian Government's Application adduces the declarations of Belgium and Bulgaria adhering to the Optional Clause of Article 36 of the Court's Statute and the Treaty of Conciliation, Arbitration and Judicial Settlement, concluded between the two countries on June 23rd, 1931.

By an Order dated March 28th, 1938, the President of the Court fixed the time-limits for the presentation of the Memorial and the Counter-memorial respectively at June 1st and September 12th, 1938, reserving for a later order the fixing of the times for the filing of a Reply and a Rejoinder.

On July 4th, 1938, the Belgian Government made an Application for the indication of provisional measures in this case. In pursuance of Article 61 of its Rules, the Court held a public

hearing with regard to this Application on July 13th, 1938. It noted the absence of the Agent for the Bulgarian Government, who had been duly warned of the date of the hearing, but had stated that he would be unable to be present, as the time allowed was very short. It then heard a declaration by the Agent for the Belgian Government to the effect that that Government would make no objection to the granting of the necessary time to the Bulgarian Government.

After considering the matter, the Court decided to postpone proceedings for the indication of provisional measures, in order to enable the Bulgarian Government to prepare its observations in regard to the Application in question and, if need be, in regard to the Court's jurisdiction. The Agents of the Parties will be heard at a public sitting at a date to be fixed later by the President. The Court further expressed confidence that, in the meantime, the Bulgarian Government would conform to the general principles governing judicial proceedings and would abstain from any measures likely to prejudice the situation of the Parties, in law or in fact.

(f) SOCIÉTÉ COMMERCIALE DE BELGIQUE

An Application was filed with the Registry by the Belgian Government instituting proceedings against the Greek Government on May 5th, 1938. The Application invokes the Convention of Conciliation, Arbitration and Judicial Settlement of June 25th, 1929, between Belgium and Greece. It states that, in 1925, the Greek Government concluded with a Belgian company, the " Société commerciale de Belgique ", a Convention regarding the surveying, carrying-out and financing of railway construction works in Greece ; that differences arose between them which the Parties agreed finally to settle by arbitration, and that a final arbitral award was made on July 25th, 1936. It is alleged, however, in the application, that the Greek Government subsequently refused to comply with this award. Accordingly, the Belgian Government, being anxious to ensure that international law is respected in the person of its nationals, requests the Court to declare that the Greek Government, by refusing to carry out the award, has violated its international obligations, and to

assess the amount of the compensation due in respect of this violation.

On June 3rd, 1938, the President of the Court fixed the time-limits for the presentation of the Memorial and Counter-memorial at July 15th and September 30th, 1938, and reserved for a subsequent order the fixing of the times for the submission of a Reply and a Rejoinder.
